

Triumph Gulf Coast, Inc. Trust Fund Application for Funds

Proposal Instructions: The Triumph Gulf Coast, Inc. Trust Fund Grant Application (this document) must be completed by the entity applying for the grant and signed, as applicable, by either the individual applying for funds, an individual authorized to bind the entity applying for funds, a chief elected official, the administrator for the governmental entity or their designee. Please read the Application carefully as some questions may require a separate narrative to be completed. In addition, please complete all Addendums that may be applicable to the proposed project or program.

Triumph Gulf Coast, Inc. will make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. Triumph Gulf Coast, Inc. may make awards for:

- Ad valorem tax rate reduction within disproportionately affected counties;
- Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education; encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

Pursuant to Florida Law, Triumph Gulf Coast, Inc. will provide priority consideration to Applications for projects or programs that:

- Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- Increase household income in the disproportionately affected counties above national average household income.
- Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- Benefit the environment, in addition to the economy.
- Provide outcome measures.
- Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- Are recommended by the board of county commissioners of the county in which the project or program will be located.
- Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

Additionally, the Board of Triumph Gulf Coast, Inc. may provide discretionary priority to consideration of Applications for projects and programs that:

- Are considered transformational for the future of the Northwest Florida region.
- May be consummated quickly and efficiently.
- Promote net-new jobs in the private sector with an income above regional average household income.
- Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation.
- Create net-new jobs in targeted industries to include: aerospace and defense, financial services/shared services, water transportation, artificial intelligence, cybersecurity, information technology, manufacturing, and robotics.
- Promote industry cluster impact for unique targeted industries.
- Create net-new jobs with wages above national average wage (*e.g.*, similar to EFI QTI program, measured on graduated scale).
- Are located in Rural Area of Opportunity as defined by the State of Florida (DEO).
- Provide a wider regional impact versus solely local impact.
- Align with other similar programs across the regions for greater regional impact, and not be duplicative of other existing projects or programs.
- Enhance research and innovative technologies in the region.
- Enhance a targeted industry cluster or create a Center of Excellence unique to Northwest Florida.

- Create a unique asset in the region that can be leveraged for regional growth of targeted industries.
- Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding.
- Leverage funding from other government and private entity sources.
- Provide local investment and spending.
- Are supported by more than one governmental entity and/or private sector companies, in particular proposed projects or programs supported by more than one county in the region.
- Provide clear performance metrics over duration of project or program.
- Include deliverables-based payment system dependent upon achievement of interim performance metrics.
- Provide capacity building support for regional economic growth.
- Are environmentally conscious and business focused.
- Include Applicant and selected partners/vendors located in Northwest Florida.

Applications will be evaluated and scored based on compliance with the statutory requirements of the Triumph Gulf Coast legislation, including but not limited to the priorities identified therein and the geographic region served by the proposed project or program.

Applicant Information

Name of Individual (if applying in individual capacity): _____

Name of Entity/Organization: Board of County Commissioners of Gulf County

Background of Applicant Individual/Entity/Organization: County government

founded in 1925 and home to Florida's first constitution in 1838

(If additional space is needed, please attach a Word document with your entire answer.)

Federal Employer Identification Number: _____

Contact Information:

Primary Contact Information: Warren Yeager

Title: Director, Gulf County Economic Development Alliance

Mailing Address: 1000 Cecil G. Costin Sr. Blvd.

Port St. Joe, FL 32456

Phone: 850- 229-2396

Email: wyeager@gulfcountry-fl.gov

Website: www.gulfcountry-fl.gov

Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.

Port of Port St Joe is a joint applicant for this application and will be a joint owner of the floating dry dock. Eastern Shipbuilding Group will be the exclusive tenant of the floating dry dock

(If additional space is needed, please attach a Word document with your entire answer.)

Total amount of funding requested from Triumph Gulf Coast: \$28,425,000.00

Has the applicant in the past requested or applied for funds for all or part of the proposed project/program?

☐ Yes ☒ No

If yes, please provide detailed information concerning the prior request for funding, including:

- the date the request/application for funding was made;
- the source to which the request/application for funding was made,
- the results of the request/application for funding, and
- projected or realized results and/or outcomes from prior funding.

(If additional space is needed, please attach a Word document with your entire answer.)

Describe the financial status of the applicant and any co-applicants or partners:

Gulf County Commission 2017-2018 budget: <http://www.gulfcountry-fl.gov/common/pages/>

(If additional space is needed, please attach a Word document with your entire answer.)

In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.

Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?

☐ Yes ☒ No

If yes, please identify the entity or individual that filed for bankruptcy and the date of filing.

(If additional space is needed, please attach a Word document with your entire answer.)

Eligibility

Pursuant to Section 288.8017, Triumph Gulf Coast, Inc. was created to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. The disproportionately affected counties are: Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, Walton County, or Wakulla County. *See*, Section 288.08012.

1. From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):

- ☐ Ad valorem tax rate reduction within disproportionately affected counties;
- ☐ Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- ☒ Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- ☐ Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- ☐ Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- ☐ Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- ☐ Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

2. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

See attached Exhibit 1

(If additional space is needed, please attach a Word document with your entire answer.)

Exhibit 1

(addendum to #2, page 7 of Gulf County Triumph Application)

Triumph Chairman Gaetz most appropriately stated at a recent Triumph Gulf Coast Board meeting, that *playing for this high school baseball team he was taught to not swing at every pitch*. This approach and accurate strategy captures the generational importance of this Gulf County Triumph application. For this approach and strategy in carefully vetting each and every Triumph application received from the 8 disproportionately affected counties emphasizes and highlights the unprecedented community support placed behind this one and only application unanimously supported by every elected and appointed body in Gulf County. For it is the local leaders of Gulf County all elected by the citizens of the County that have galvanized through one request and voice and come together in a once in a generation show of local support, insight, solidarity and vision for its “own” future unlike any other community. This *pitch* that is coming to this Triumph Gulf Coast, Inc. Board of Directors is intentionally the only pitch to be thrown to emphasize the support and reinforce that this is the very best project and opportunity for transformational change to Gulf County and the region. This has been bolstered and reinforced by the singular voice and vote of every local elected official in Gulf County.

The Gulf County Floating Dry Dock transformational project proposes to create infrastructure, create a skilled workforce and develop an ongoing ship repair and haul out facility on deepwater property in Port St. Joe. Necessary infrastructure includes a self-docking floating fry dock capable of handling vessels up to 10,000 LT weight and serve as catalyst to a myriad of additional business and industry for Gulf County and the region. The drydock design is currently underway with a scheduled completion of July 30, 2018. Upon design completion, Eastern Shipbuilding intends to construct and exclusively lease and operate the dry dock following the permitting and dredging of a 100’ x 1,000’ foot bulkhead. This project is complementary to the 2016 United States Coast Guard Offshore Patrol Cutter design and manufacturing contract awarded to Eastern for the first 9 of a 25-vessel program of record. The proposal also enables Port St Joe, Gulf County and the region to become a vessel outfitting and vessel repair center for the northern Gulf of Mexico competing with the likes of Tampa, Mobile, New Orleans and related vessel outfitting and repair locations.

As has been cited above, this project has been unanimously supported by all four of Gulf County’s elected boards (Gulf County, City of Port St. Joe, City of Wewahitichka and the Gulf County School Board) and unanimous support by the appointed board, Port St. Joe Port Authority all citing the transformational potential for our county and the eastern region of the Panhandle. “Most of the indirect and induced economic impact of the (shipbuilding/ repairing) industry is associated with the industry’s ongoing operations, as its capital expenditures account for less than five percent. The largest amount amount of indirect and induced economic activity associated with the industry is in the services sector.¹ Other significant indirect and induced activities occur in wholesale and retail trade; finance, insurance and real estate; and manufacturing.²

¹<http://www.easternshipbuilding.com/current-projects/> ; <http://www.professionalmariner.com/Web-Bulletin-2017/Eastern-gets-notice-to-proceed-on-new-Staten-Island-ferries/>

²The services sector, such as management of companies, architectural, engineering, and related services, other professional; services, employment services, and business support services, received nearly half of the indirect impact due to its importance in the supply chain to the shipbuilding and repairing industry. The services sector further received more than half of the induced impact from consumer spending attributable to the industry.

Considering the indirect and induced impacts, each direct job in the U.S. shipbuilding and repairing industry is associated with another 2.62 jobs in other parts of the national economy; each dollar of direct labor income and GDP is associated with another \$1.74 in labor income and \$2.49 in GDP, respectively, outside of the shipbuilding and repairing industry.”³

In 1994, a Florida Constitutional Amendment banned fishing nets which directly impacted Gulf County and its multi-generational fishing industry. Five years later, our long-lasting papermill closed, was demolished and with-it hundreds of jobs evaporated. Our community began what would become a decades-long campaign to desperately attract jobs and stability to Gulf County. Despite sporadic flashes of hope, meaningful and stable employment to significantly undergird our economy has been illusive for nearly 20 years. Breadwinners stretched to find employment traveling further and further distances to provide for their families. Eventually, out of necessity, many chose to relocate elsewhere. Less than 46% of Gulf County’s population is in the workforce, which is nearly 20% below the State average. The median household income is \$41,788 with per capita income of \$19,631 and 22% ⁴ in poverty. Our civilian workforce peaked in 1994 and declined to a record low in 2000, rising to a record high in 2005 with the real estate boom, but has since experiences an overall general decline.

With the approval and funding of Gulf County’s unanimous and overwhelming support for this project, it will be continuing its century tradition of a diversified economy, providing stability through future adverse economic challenges and in supporting Eastern Shipbuilding in its once in a generation opportunity to spur economic growth in Gulf County. The history of Eastern and its transition to Gulf County can be traced back to its original shipyard which was established in 1976 to build fishing vessels. In 1981, Eastern expanded manufacturing to include a broad range of many types of vessels and has since delivered more than 350 diversified vessels. Eastern Shipbuilding (<http://www.easternshipbuilding.com>) is a mid-sized tier 2 shipyard primarily engaged in new construction and repair of government and commercial vessels in Bay County, Florida. In 2016, the US Coast Guard awarded its largest ever vessel procurement contract to Eastern. The contract is initially for a series of 9 Offshore Patrol Cutters over 10 years and the program of record is for a total of 25 vessels over the next 20 years. The total manufacturing contract value is more than \$10 Billion.

In September 2016, the USCG selected Eastern to design and build USCG Offshore Patrol Cutters. On May 3, 2017 the USCG opened its Project Resident Office at Eastern’s Nelson facility and on July 2017 Eastern successfully completed, on schedule and on budget, the Initial Critical Design Review (ICDR) milestone which was a pre-requisite for award of the Long Lead Time Material (LLTM) contract. Eastern archived USCG and Department of Homeland Security (DHS) approval at ICDR which cleared the way to proceed to the next critical milestone known as the Final Critical Design Review (FCDR), which culminates 22 months of detailed design. In September 2017, the USCG awarded the LLTM contract for the first Offshore Patrol Cutter, USCGC Argus (WMSM 915). The \$41.68 Million LLTM award included development and approval of the design specifications and the purchase of the LLTM. The LLTM award allows Eastern to move forward on an aggressive schedule to deliver a capable and affordable platform

³*The Economic Importance of the U.S. Shipbuilding and Repairing Industry*, United States Maritime Administration, November 2015

⁴<http://www.census.gov/quickfacts/fact/chart/gulfcountyflorida/INC110215#viewtop>

to meet the Coast Guard's mission needs. This award included main propulsion, machinery control, electrical and mechanical equipment orders that need to be placed in advance of awarding the construction contract for USCGC Argus which is planned to occur in late summer, 2018 with delivery in August 2021.

Eastern will manufacture OPC vessels designed to conduct multiple missions in support of the United States' maritime security and border protection. The OPC will provide a capability bridge between the National Security Cutter, which patrols the open ocean in the most demanding maritime environments, and the Fast Response Cutter, which serves closer to shore. The OPC design includes capability of carrying an MH-60R or MH-65 Helicopter and three operational Over-

The-Horizon (OTH) small boats. The vessels include a highly sophisticated combat system and C4ISR suite to support its role of protecting our shores, the maritime industry and execution of the Coast Guard's missions.

Beginning August 2018 Eastern will cut steel for the first OPC and will quickly ramp up to directly employ nearly 1,000 employees in the manufacture, launch and outfitting of up to twenty-five United States Coast Guard Offshore Patrol Cutters at its shipyards in Bay County, Florida. Following launches of OPCs and commercial vessels, vessels will be outfitted in Panama City and possibly Port St. Joe, Florida, if haul out capabilities become available in Gulf County. Additionally, Eastern proposes to develop a dry dock facility for vessel haul out as well as a vessel repair and outfitting facility in Port St. Joe.

To do so, Eastern will employ for their Port St. Joe vessel repair, outfitting and haul out facilities welders, shipfitters, plumbers, pipefitters, first-line supervisors of production, operating workers, electricians, painters, carpenters, construction and related workers, helpers (production workers, laborers and freight, stock, and material movers, hand laborers), mechanists, and repair workers in numbers as outlined below. Direct employees will learn transferable, sustainable workforce skills, and gain certifications in their respective trades which are valuable across multiple industries. Eastern will also employ subcontractor with specialties related to specific vessel repair contracts.

Eastern's historical success, significant investments and future workload leads to this proposal which creates unparalleled opportunities for transformational revitalization of Gulf County's economy.

Eastern commenced in 2017 with the rehabilitation of property historically used as the St Joe Papermill and the adjacent deepwater port. Eastern's proposal includes (1) repairs and rehabilitation to existing wharf (2) dry dock design, construction and use, (3) upland improvements design, construction and use and (4) dredge area permitting, design, spoil removal and spoil disposal. In its 2017 regular session, the Florida Legislature appropriated a total of \$6 million for this project, of which \$1 million was designated for dredging and \$5 million for infrastructure and costs associated with construction of the floating dry dock. The Joint Participation Agreement between the Florida Department of Transportation and the Gulf County Commission in the amount of \$5,000,000.00 towards costs for engineering design and construction of a floating dry dock and related infrastructure necessary for operations at Port ST Joe including but not limited to construction materials, supplies related equipment for the drydock as well as engineering design, design licensing and construction of related upland improvements, utilities and appurtenances.

Gulf County executed a Joint Participation Agreement with the Florida Department of Transportation on December 12, 2017 for the appropriated State expenditures toward this project.

Repairs and Rehabilitation to Existing Wharf: The existing wharf at the Port of Port St. Joe, FL is approximately 1,600 feet long from north end to south end. It consists of a steel sheet pile bulkhead, a reinforced concrete cap, a concrete apron on the topside, an asphalt driveway, and ship bollards. In August 2017, Eastern's consultants provided critical inspections of the existing bulkhead and related facilities. **ESTIMATED BULKHEAD REPAIR COSTS:** \$200,000.00 and repairs are expected to be completed by December 2018.

Self-Docking Floating Dry Dock:

Design and Design Characteristics: The Gulf County Commission, following a competitive solicitation process, selected Heger Dry Dock, Inc. (<http://www.hegerdrydock.com>) for the floating dry dock design. Heger is an industry leader in dry dock design, dock selection, floating dock mooring design, inspection, certification as well as docking and launching calculations. They have extensive experience in most major shipyards in the United States resulting in their excellent reputation with the U.S. Coast Guard, the U.S. Navy and Military Sealift Command. Heger has experience designing 1,000 to 80,000-ton capacity floating docks; basin dock projects, vessel transfer systems, launchings and unusual dockings for extraordinary vessels and emergency repair projects. Heger's experience and conceptual design experience with Eastern for the U.S. Coast Guard Offshore Patrol Cutter program will enable our team to continue moving forward to meet upcoming USCG performance deadlines.

The floating dry dock will have the following characteristics: a sectional type dock design (section lengths of approximately 80' each), dock length of approximately 428', maximum dock breadth of 120', maximum pontoon depth of approximately 14', maximum dock draft of approximately 45' (based on submergence berth depth), pier elevation of MLLW differential of approximately 5' from transfer operations, dock capacity of approximately 10,000 LT at 1' of pontoon deck freeboard for repair docking operations. Technical specifications include 4 and 6 axle SPMTs to be used for transfer operations. The overall dock length shall be approximately 428', pontoon length per section of approximately 80' with 5 sections, length over pontoons (molded) is approximately 428', the dock frame spacing shall be approximately 2', overall beam (molded) approximately 120', pontoon depth (molded) approximately 14', wingwall width – top (molded) shall be approximately 10', wingwall width (base) shall be approximately 14', clear width between fenders shall be approximately 96', overall dock depth (molded) shall be approximately 45', maximum draft over pontoon deck shall be approximately 31', estimated keel line capacity shall be approximately 40.0 LT/ft, estimated lightweight (steel, outfitting, etc.) shall be approximately 4,000 LT and the estimated lightweight VCG shall be approximately 16.0FT. The drydock will be self-docking which means it can be easily maintained in sections, when any component of the drydock needs to be repaired or replaced.

Dry Dock Construction: Upon completion of Heger's engineering design, Eastern's employees, infrastructure and equipment will be used to fabricate the dry dock components at its Allanton facility followed by the final construction and assembly of its components on its property in Port St. Joe. Eastern will employ skilled craftsmen in Port St. Joe for the final assembly and outfitting of the dry dock for up to 6 months prior to the opening of the haul out and dry dock

repair operations. Upon full operation of the dry dock, Eastern will have full time employees at its Port St Joe facility.

Dry Dock Ownership and Use: Eastern proposes the Gulf County Commission and the Port of Port St. Joe retain ownership of the Floating Dry Dock with an exclusive 50-year lease and purchase option with Eastern Shipbuilding Group, Inc. Eastern will be responsible for maintenance, upkeep and repair of the Dry Dock pursuant to the terms of a negotiated triple-net lease. Eastern proposes to maintain the Dry Dock's presence at Port St Joe unless it is necessary to temporarily move the dock for maintenance, repair or to float or launch a vessel in deep waters or at another facility.

Dry Dock Schedule: Engineering design by Heger Dry Dock, Inc. has begun pursuant to the Joint Participation Agreement and is scheduled for completion by July 30, 2018. Following completion, Eastern will acquire necessary materials and equipment and complete construction within approximately 24 months thereafter. **Estimated Dry Dock Design, Engineering, Licensing and Certification Costs: \$400,000.00**

Estimated Dry Dock Construction Costs: \$34,000,000.00

Upland Improvements:

Eastern's acreage is unimproved industrial property that needs to be improved with utilities, stormwater management pond(s), access road, vertical construction of a warehouse/workshop facility of approximately 10,000 square feet and repair to the existing 1,000' bulkhead.

- A. **Upland Improvements Schedule:** Design and permitting of upland improvements shall be completed by September 1, 2018. Gulf County will hire contractors and subcontractors closest in proximity to Port St Joe who have appropriate credentials, licensing and experience with timely completing the upland improvements. These improvements are scheduled to be completed by December 2018.
- B. **Estimated Upland Improvements Costs:** Warehouse/Workshop: \$2,000,000.00; Utilities: \$250,000.00 (Electrical) and \$75,000.00 (water and sewer): \$2,325,000.00 (total)

Dredging:

The Joint Participation Agreement between the Florida Department of Transportation and the Gulf County Commission includes \$1,000,000.00 for the engineering design, permitting, mobilization and dredging to a depth of at least -45 feet at or near the proposed submergence location of the floating drydock and -35 along the remainder of the bulkhead at Port St Joe in an approximate area of 100' x 1,000'. Gulf County will assist with the disposition of spoils.

Dredging Schedule: Permitting shall be completed by July 30, 2018 and dredging will be substantially completed by December 31, 2018.

Estimated Dredging Costs: \$1,900,000.00, of which \$1,000,000.00 has already been appropriated by the Florida Legislature.

In 2012 Eastern Shipbuilding Group secured an exclusive long-term lease with the St Joe Company for shipbuilding, vessel construction and repair and industrial steel fabrication on 20 acres with the option to secure additional adjacent 20 acres. The property includes approximately 1,000 feet of deepwater bulkhead on St Joe Bay, adjacent to a congressionally authorized channel.

Additionally, Eastern has invested, according to 2017 appraised values of the Bay County Property Appraiser's office, over \$11.7 Million in real estate and over \$75 Million in equipment and improvements which are necessary for shipbuilding and launching in Bay County and vessel repair in Gulf County. The federal government will be spending approximately \$3.72 Billion in the initial construction phase and approximately \$7.78 Billion in the final phase of construction of the United States Coast Guard Offshore Patrol Cutters which includes prescribed conditions for the haul out of vessels at certain times which a proposed to be accomplished in Port St Joe. Eastern has submitted a Pre-Application request to the Bay County Commission in support of the OPC infrastructure requirements. Eastern's establishment of this new ship repair, outfitting and haul out facility in Port St Joe is contingent upon Gulf County securing funding with executed Triumph grant award agreement(s) of approximately \$34 Million prior to November 30, 2018.

(B) Funding Summary

	<u>Cost</u>	<u>JPA</u>	<u>Triumph</u>
Dredging	\$1,900,000.00	\$1,000,000.00	\$900,000.00
Bulkhead	\$200,000.00	\$200,000.00	
Electrical	\$250,000.00	\$250,000.00	
Water/Sewer	\$75,000.00	\$75,000.00	
Workshop Building	\$2,000,000.00	\$2,000,000.00	
Floating Dry Dock	<u>\$34,000,000.00</u>	<u>\$2,475,000.00</u>	<u>\$27,525,000.00</u>
Totals	\$38,425,000.00	\$6,000,000.00	\$28,425,000.00

(C) Port St Joe Employment Summary

Site Construction	10 FTEs	Jan 2018 to Dec 2018
Dredging, Bulkhead, Utilities, Warehouse	TBD	May 2018 to completion
Vessel Outfitting	150 FTEs	June 2019-indefinite
Dry Dock Construction	25 FTEs	Jan 2020-June 2020
Repair Haul Out Yard	<u>90 FTEs</u>	June 2020-indefinite

Permanent Direct FTEs	240
Permanent Indirect FTEs	<u>624</u>
Total Jobs	<u>864</u>

Per Job Cost Analysis created by Gulf County Floating Dry Dock Project

- \$28,425,000 Triumph Project Funding Application

÷ 864 Full Time Employment positions

= \$32,899.31 per job created through this project

*(while maintaining retention and ownership by Gulf County of the infrastructure and its continuing residual value)

(D) Ownership Summary

Real Property (40 acres):	The St Joe Company
Long-term Real Property Lessee:	Eastern Shipbuilding Group, Inc.
Floating Dry Dock Owner:	Gulf County/ Port of Port St Joe
Long-term Floating Dry Dock Lessee:	Eastern Shipbuilding Group, Inc.

3. Explain how the proposed project or program is considered transformational and how it will effect the disproportionately affected counties in the next ten (10) years.

Eastern Shipbuilding has secured a longterm USCG manufacturing contract which will create 1,000 direct jobs and 3,500+ indirect jobs in Bay and Gulf counties. As a result, their commercial manufacturing and vessel outfitting work is being relocated to Allanton and Port St Joe. A floating drydock is integral to their USCG contract and enables vessel repair opportunities for commercial and military vessels. The shipyard will employ Gulf, Franklin, Wakulla and Bay County workers.
(If additional space is needed, please attach a Word document with your entire answer.)

4. Describe data or information available to demonstrate the viability of the proposed project or program.

See attached Exhibit 2.

(If additional space is needed, please attach a Word document with your entire answer.)

5. Describe how the impacts to the disproportionately affected counties will be measured long term.

The best measure of impact is the number of direct and indirect jobs created and maintained by Eastern. Additionally, the indirect businesses and industry that will come to this sector from this catalyst.

6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

Eastern's initial USCG contract is for 10 years, renewable for a total of 20 years.
The dry dock will also provide a balanced approach to both the service and construction industry for future peaks and downturns to the national/regional economy.

7. Describe how the deliverables for the proposed project or program will be measured.

Eastern has committed to creating direct jobs, which is the best measure.
(If additional space is needed, please attach a Word document with your entire answer.)

Priorities

1. Please check the box if the proposed project or program will meet any of the following priorities (check all that apply):

- ☒ Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- ☒ Increase household income in the disproportionately affected counties above national average household income.
- ☐ Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.

Exhibit 2

(addendum to #4, page 8 of Gulf County Triumph Application)

Triumph's Return on Investment

Domestic shipbuilding facilities are crucial infrastructure for national security by providing assurance that military vessels can be built, repaired and maintained in times of conflict. (10 USC 148: National Defense Technology and Industrial Base, Defense Reinvestment, and Defense Conversion). Shipbuilding is important not only to national defense but also to the nation's transportation infrastructure. (National Security Assessment of the U.S. Shipbuilding and Repair Industry. Office of Strategic Industries and Economic Security of the U.S. Dept. of Commerce, May 2001) "Since 1775, the marine transportation industry has met the needs of our Nation during times of peace and war. The nation's shipbuilding and repair capability continue to be critical components of the transportation infrastructure and military readiness. In addition to adequate shipbuilding infrastructure, it is imperative to maintain a skilled shipyard labor force, which has regrettably declined in recent years due to U.S. shipyard closures, a decline in the U.S. vendor base, and low-cost international competition" (Maritime Administration Strategic Plan, Navigating the Future 2017-2021, U.S. Maritime Administration)

"Most of the indirect and induced economic impact of the industry is associated with the industry's ongoing operations, as its capital expenditures account for less than five percent. The largest amount of indirect and induces economic activity associated with the industry is in the services sector. ¹ Other significant indirect and induced activities occur in wholesale and retail trade; finance, insurance and real estate; and manufacturing. ² Considering the indirect and induced impacts, each direct job in the U.S. shipbuilding and repairing industry is associated with another 2.62 jobs in other parts of the national economy; each dollar of direct labor income and GDP is associated with another \$1.74 in labor income and \$2.49 in GDP, respectively, outside of the shipbuilding and repairing industry. In 2013 the U.S. shipbuilding and repairing industry generated a total of \$2.6 billion in federal, state and local taxes. Including the additional taxes supported by the industry's supply chain and its employees, the industry's total tax contribution was \$8.5 billion in 2013." From *The Economic Importance of the U.S. Shipbuilding and Repairing Industry*, United States Maritime Administration, November 2015.

¹The services sector, such as management of companies, architectural, engineering, and related services, other professional services, employment services, and business support services, received nearly half of the indirect impact due to its importance in the supply chain to the shipbuilding and repairing industry. The services sector further received more than half of the induced impact from consumer spending attributable to the industry.

² Wholesale trade accounted for 7.5 percent of the shipbuilding and repairing industry's intermediate purchases in 2013. Retail trade typically receives a large share of the induced impact from consumer spending.

- ☒ Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- ☐ Benefit the environment, in addition to the economy.
- ☒ Provide outcome measures.
- ☐ Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- ☒ Are recommended by the board of county commissioners of the county in which the project or program will be located.
- ☐ Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

2. Please explain how the proposed project meets the priorities identified above.

In 2011, 2013 and 2015, the U.S. Maritime Administration conducted IMPLAN modeling based on Federal government data in order to estimate the shipbuilding and repair industry's overall economic impact as well as that industry's impact on other sectors of the economy. The bi-annual studies also "conduct an economic contribution analysis and simulations to quantify the portion of a region's economy that can be attributed to such an existing industry." When measured nationwide, "average labor income per job was approximately \$83,166 in 2013, 55% higher than the national average for the private sector economy (\$53,639)." While these national averages are not indicative of wages in Gulf County and the disproportionately affected counties, it strongly indicates shipbuilding and repair wages from this project will be higher than average household incomes. This project will be owned by Gulf County and the Port of St Joe, both governmental entities. The outcome measures are direct jobs created by Eastern Shipbuilding with clawback provisions. This project is the only project recommended by the Board of County Commissioners. **See attached Exhibit 3**

(If additional space is needed, please attach a Word document with your entire answer.)

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

The project is transformational because it creates net-new jobs in an area that sorely needs stability. Since it's already underway, the project can be consummated quickly. As a water transportation project, it aligns with NWF Forward as an industry cluster. Wages will be above regional average and is located in a Rural Area of Opportunity. The project supports employment in multiple counties and aligns with other projects. **See attached Exhibit 4**

(If additional space is needed, please attach a Word document with your entire answer.)

4. In which of the eight disproportionately affected county/counties is the proposed project or program located? (Circle all that apply)

Escambia Santa Rosa Okaloosa Walton **Bay** **Gulf** **Franklin** **Wakulla**

Exhibit 3

(addendum to #2, page 9 of Gulf County Triumph Application)

Gulf County Floating Dry Dock project strongly meets and exemplifies five (5) of the priorities established by Triumph Gulf Coast, Inc. The proposal not only maximizes the economic benefits to Gulf County and its historical geographic advantages, but increases the household average income by as much as 53% but also translated to the cost per job creation of the estimated \$32,899.31 per job. Additionally, the cost per job is further decreased when the ownership and future control of the piece of infrastructure will be retained by Gulf County, whereby further reducing the cost per job based on the County's retention of the infrastructure piece.

The priority seeking the partnering of local governments is no more clearly established and embodied than by this Gulf County project submitted. In an unprecedented event and show of solidarity and unified support for this transformational project, Gulf County was successful in securing and memorializing all 25 local officials (Gulf County Board of County Commission, City of Wewahitchka, City of Port St. Joe, Gulf County School Board and the Port St. Joe Port Authority). No other affected county has submitted the unanimous support and request for the funding and approval of the selected project to transform its community.

Exhibit 4

(addendum to #3, page 9 of Gulf County Triumph Application)

Gulf County Floating Dry Dock project meets all or in part all twenty-two (22) discretionary priorities as defined by Triumph Gulf Coast, Inc. Most notably, in recent conference with Dr. Harper the focus and emphasis of several discussions in review of this project and proposal were the heightened attention and value to the issue of “inducement” from the project not only for regional growth but to provide Eastern and Gulf County the competitive advantages that for so long have benefited and supported out of state competition for economic development and job growth in the water transportation sector. Eastern has clearly disclosed its securing of the initial 9 USCG off shore patrol cutters, however the foundation laid by our region now will define the private sectors ability to compete for this second phase of this USCG contracts (10 years period) for the construction and completion of the remaining sixteen (16) patrol cutters.

Most recently Dr. Harper was quoted in response to the approval of the Port of Panama City project application as “compelling” stating that in water transportation logistics, for every \$1 million in wages paid out in port jobs, there tends to be a lot of support functions, “so the earnings multiplier is large”. He went on to note that ports are one of the five recommended regional target clusters for economic development with the Triumph staff offering a rating of an “A” in terms of economic impact for the valuable jobs to be created. Applying Dr. Harper’s analysis and foundation for the compelling argument of supporting water transportation, Gulf County Floating Dry Dock not only meets but exceeds each of the discretionary priorities provided to the Triumph Board for its analysis and evaluations.

5. Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within its county?

☐ Yes ☒ No

If yes, list all Counties that apply: _____

6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?

☒ Yes ☐ No

See attached Exhibit 5 - Gulf County Resolution of Support

****Please attach proof of recommendation(s) from each County identified.**

Approvals and Authority

1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?

Dredging permits from FDEP and ACOE which should be in hand by mid-2018.

(If additional space is needed, please attach a Word document with your entire answer.)

2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:

A. Provide the schedule of upcoming meetings for the group for a period of at least six months.

B. State whether that group can hold special meetings, and if so, upon how many days' notice.

NA

(If additional space is needed, please attach a Word document with your entire answer.)

3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.

Drydock design completion is July 31, 2018. Construction completion is 24 months thereafter.

(If additional space is needed, please attach a Word document with your entire answer.)

4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.

RESOLUTION NO. 2017-62

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF GULF COUNTY, FLORIDA, IN UNANIMOUS SUPPORT OF THE UNIFIED COUNTY REQUEST AND SUPPORT OF A SOLE TRIUMPH APPLICATION AND PROJECT FUNDING REQUEST SUBMITTAL ON BEHALF OF ALL GULF COUNTY; AND AUTHORIZING TRANSMISSION OF THE RESOLUTION TO THE GULF COUNTY LEGISLATIVE DELEGATION

WHEREAS, the BP/Trans-Ocean Oil Spill in the Gulf of Mexico created damages within and outside the territorial limits of Gulf County, Florida and had devastating effects to its environment and economy; and

WHEREAS, the Gulf County Board of Commissioners has expressed its primary goal and intent to secure smart economic growth through development and diversification of its commerce and the creation of meaningful jobs in Gulf County; and

WHEREAS, Gulf County recently entered a public private partnership with Eastern Shipbuilding Group to pursue that economic development and job creation through its port development and outfitting of its completed vessels; and

WHEREAS, following discussions by all local elected bodies in Gulf County and the receipt of the unanimous support by both these local elected boards including the cities of Wewahitchka and Port Saint Joe within Gulf County as well as the unanimous support by the Gulf County School Board to unify the County's support for the submittal of one Triumph application and project and the intentional abstention from submitting any and all other Triumph project funding requests; and

WHEREAS, the Gulf County Board of County Commission received this overwhelming support and show of solidarity within its community for the submission of one Triumph project and funding request and voted at its special meeting on December 12, 2017 to also unanimously support and submit a sole Triumph application and project for Gulf County in support of funding of Eastern Shipbuilding Group for its design, development, construction and operation of a floating dry dock on its leased St. Joe Company bulkhead property (formerly St. Joe Company paper mill site); and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF GULF COUNTY, FLORIDA:

Section 1. Recitals. The above recitals are true and correct and are hereby incorporated herein by reference.

Section 2. The unified community of Gulf County behind the unanimous votes and support of its elected bodies, has ratified through this resolution the exclusive support for Gulf County's sole Triumph application in support of the Eastern Shipbuilding Group public private partnership with Gulf County and for the design, development, construction and operation of a floating dry dock on its leased St. Joe Company bulkhead property (formerly St. Joe Company paper mill site); and

Section 3. Gulf County Board of County Commission in conjunction with its unanimous support of this initial single Triumph application for a floating dry dock have also simultaneously voted at

its December 12, 2017 special meeting to unequivocally express its opposition to any and all other Triumph applications.

Section 4. In the event that any word, phrase, clause, sentence, or paragraph hereof shall be held invalid by any court of competent jurisdiction, such holding shall not affect any other word, phrase, sentence, or paragraph hereof.

Section 5. Transmission. The County Clerk shall certify to the passage and adoption of this Resolution and enter it into the book and County records and this Resolution shall take effect immediately upon its adoption and that copies of this resolution be transmitted to Governor Scott, Senator Montford and Representative Beshears and any and all other members and staff of the Gulf County Legislative Delegation, and finally that copies be spread upon the records of Gulf County so it be known the unified voice of Gulf County in support of this single project and the withholding of any and all support for any other competing applications.

DULY adopted this 12 day of December, 2017.

BOARD OF COUNTY COMMISSIONERS
GULF COUNTY, FLORIDA

By: Ward McDaniel
WARD MCDANIEL, CHAIRMAN

ATTEST:

Rebecca R. Kerns
Clerk / ~~Deputy Clerk~~
(SEAL)

APPROVED AS TO FORM.

Jeremy T.M. Novak, Esq.
Gulf County Attorney

Funding and Budget:

Pursuant to Section 288.8017, awards may not be used to finance 100 percent of any project or program. An awardee may not receive all of the funds available in any given year.

1. Identify the amount of funding sought from Triumph Gulf Coast, Inc. and the time period over which funding is requested.

Total request is \$28.425M of which half is needed in 2018 and half in 2019.
(If additional space is needed, please attach a Word document with your entire answer.)

2. What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent? (Please note that an award of funding will be for a defined monetary amount and will not be based on percentage of projected project costs.)

(If additional space is needed, please attach a Word document with your entire answer.)

3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.

See attached Exhibit 6
(If additional space is needed, please attach a Word document with your entire answer.)

4. Does the potential award supplement but not supplant existing funding sources? If yes, describe how the potential award supplements existing funding sources.

☒ Yes ☐ No

The Florida Legislature appropriated \$6m in 2017 which is currently being expended.
(If additional space is needed, please attach a Word document with your entire answer.)

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

A. Project/Program Costs:

Example Costs (Note: Not exhaustive list of possible Cost categories.)

Construction	\$ <u>32,325,000.</u>
Reconstruction	\$ <u>200,000.</u>
Design & Engineering	\$ _____
Land Acquisition	\$ _____
Land Improvement	\$ <u>1,900,000.</u>
Equipment	\$ _____
Supplies	\$ _____
Salaries	\$ _____

Exhibit 6

(addendum to #3, page 11 of Gulf County Triumph Application)

Port St Joe Employment Summary

Site Construction, Dredging, Bulkhead, Utilities, Warehouse:	20-25 FTEs	Jan 2018 to completion
Vessel Outfitting:	150 FTEs	June 2019-indefinite
Dry Dock Construction:	25 FTEs	Jan 2020-June 2020
Repair Haul Out Yard:	<u>90 FTEs</u>	June 2020-indefinite

Permanent Direct FTEs	240	
<u>Permanent Indirect FTEs</u>	<u>624</u>	
Total Jobs	864	(not including the approx. 45 FTE's created in the immediate 24 months for site preparation and construction)

Per Job Cost Analysis created by Gulf County Floating Dry Dock Project

$$\begin{aligned} & - \$28,425,000 \\ & \div \underline{864 \text{ Full Time Employment positions}} \\ & = \$32,899.31 \text{ per job created through this project} \end{aligned}$$

Other (specify) \$ _____

Total Project Costs: \$ 34,425,000.

B. Other Project Funding Sources:

Example Funding Sources (Note: Not an exhaustive list of possible Funding Sources.)

City/County \$ _____

Private Sources \$ _____

Other (e.g., grants, etc.) \$ 6,000,000

Total Other Funding \$ _____

Total Amount Requested: \$ 28,425,000.

Note: The total amount requested must equal the difference between the costs in 3A. and the other project funding sources in 3.B.

C. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

~~The 2017 Legislature appropriated \$6,000,000. for the project to include \$1,000,000. for dredging and \$5,000,000 for shipbuilding infrastructure and related costs associated with the floating dry dock. Gulf County executed a Joint Participation Agreement with the Florida Department of Transportation which will complete the design, permitting and construction of upland improvements as well as design, permitting and minimal construction of the floating dry dock. Legislative funding of the \$1,000,000. is funding the design, permitting and partial dredging of along the 1,000 foot bulkhead of the project parcel. Dry dock design will be completed and the remaining environmental permit for bulkhead dredging should be in hand by July 31, 2018. Drydock construction will take 24 months, of which 18 months of work will be completed in Bay County and 6 months of final construction, assembly and launching will be completed in Port St Joe.~~

(If additional space is needed, please attach a Word document with your entire answer.)

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information or the awardee is not meeting the performance requirements of the award.

☒ Yes ☐ No

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

☒ Yes ☐ No

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

☒ Yes ☐ No

Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

☒ Yes ☐ No

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

1. Program Requirements

- A. Is the infrastructure owned by the public?
☒ Yes ☐ No
- B. Is the infrastructure for public use or does it predominately benefit the public?
☒ Yes ☐ No
- C. Will the public infrastructure improvements be for the exclusive benefit of any single company, corporation or business entity?
☐ Yes ☒ No
- D. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.

See attached Exhibit 7.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:
- o Economic recovery,
 - o Economic Diversification,
 - o Enhancement of the disproportionately affected counties,
 - o Enhancement of a Targeted Industry.

See attached Exhibits 8 & 9.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. Is this project an expansion of existing infrastructure project?
☐ Yes ☒ No
- B. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project.
Commencement begins August 1, 2018. Construction will be completed in 24 months.



Transportation, Distribution, & Logistics

Northwest Florida's unique geographic location within the State of Florida makes it an ideal location for companies involved in transportation, distribution, and logistics (TDL). The Panhandle is a major TDL center, providing quick and easy access to the rapidly growing Southeastern United States. In fact, companies can reach virtually all primary southeastern markets within a one-day truck haul from anywhere in Northwest Florida.



Northwest Florida has an outstanding transportation infrastructure. The region is home to four commercial airports (Pensacola, Tallahassee, Northwest Florida Regional Airport near Fort Walton Beach, and Northwest Florida Beaches International Airport near Panama City, the only major new airport to be constructed in the United States since 9/11/2001). The region also offers 17 public general aviation airports, two deep-water ports, both of which are designated Foreign Trade Zones, and a barge port with direct Intracoastal Waterway and Gulf of Mexico access. Interstate 10, Northwest Florida's main east-west connector, spans the entire region, connecting Jacksonville, Florida, with Los Angeles California, and providing easy, single-day access from Northwest Florida to the Ports of Jacksonville, Mobile, and New Orleans.



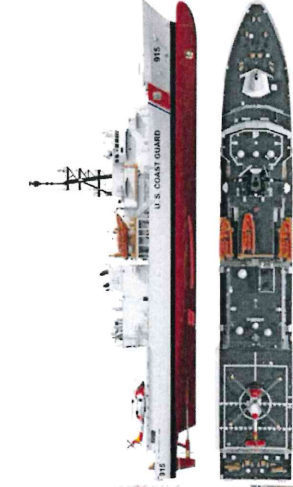
A major CSX rail line, which runs parallel to I-10, is intersected by numerous short line railroads, providing direct rail access to the region's ports, as well as Norfolk Southern. The region offers intermodal opportunities for companies that ship by truck, rail, and ocean carrier, providing excellent access for companies involved in importing and exporting. Port Panama City, with its six deepwater berths, Foreign Trade Zone status and 200-acre Intermodal Distribution Center, is a significant regional asset, as is the Port of Pensacola. The 65-mile short-line Bay Railroad begins at the Port of Panama City and provides access to both CSX and Norfolk Southern. The Port of Port St. Joe in Gulf County provides unique opportunities for companies that require barge access to the Intracoastal Waterway and/or the Gulf

of Mexico. These transportation assets, coupled with the new 4,000-acre Northwest Florida Beaches International Airport near Panama City in Bay County, make Northwest Florida an ideal hub for international trade.

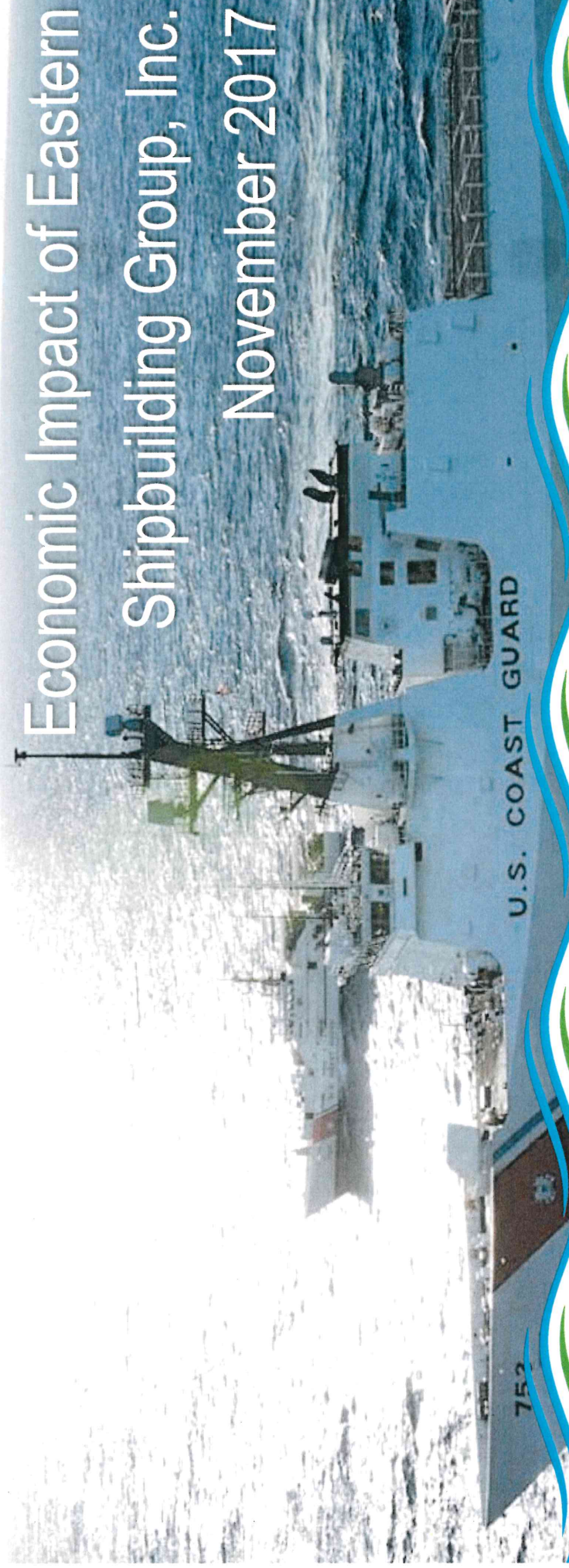
The region is home to numerous manufacturers and distributors, as well as specialized transportation companies serving those customers. One of the largest distribution centers in Northwest Florida is the Family Dollar distribution center, which occupies over 1 million square feet adjacent to Interstate 10 in Jackson County. Family Dollar serves stores in four states from the Jackson County location. Family Dollar, like many other transportation, distribution, and logistics companies, was attracted to Northwest Florida because of the region's skilled and dedicated workforce, transportation infrastructure, and proximity to the Southeastern United States.

Transportation, Distribution, & Logistics - Map





Economic Impact of Eastern Shipbuilding Group, Inc. November 2017



UNIVERSITY of Haas WEST FLORIDA Center

RESEARCH TEAM

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About us

The Haas Center is a research and consulting arm of the University of West Florida that engages in applied research and strategy development in economics and across the social sciences. Housed within the Division of Research and Strategic Innovation, the Haas Center in partnership with the Office of Economic Development and Engagement has played a prominent role in economic development efforts across the Northwest Florida region and around the state for over two decades.

Our staff is composed of economists, political scientists, community developers, multi-media specialists and GIS analysts, as well as database and IT experts. We have access to other Division resources such as marketing specialists, the Florida Small Business Development Center Network (FSBDCN), the Innovation Institute, the Office of Career and Professional Education, and Research and Sponsored Programs. Additional University staff and subject matter experts are available as needed.

Our staff's diverse backgrounds and unique work experiences enable us to tailor each project to meet the individual needs of our clients.

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EXECUTIVE SUMMARY

In September 2016, the largest contract in the United States Coast Guard's 226 year history was awarded to Eastern Shipbuilding Group. The contract is for the design and production of nine Offshore Patrol Cutters for the service. The contract is currently valued at up to \$2.38 billion over a 12 year period. The Haas Center was engaged by Eastern Shipbuilding Group to estimate the impact of this contract on Bay County.

Eastern expects that to fulfil the contract, it will directly employ approximately 900 workers at its peak prior to 2024. Using the REMI PI+ Version 2.1.1 econometric simulation model, the Haas Center estimated the impact of the contract award and the ripple effect as the spending flows through the local economy from Eastern, through its suppliers, service providers, employees and owners and ultimately benefitting the region's economy. In total, the Haas Center estimates that the contract will directly and indirectly support over 10,000 full and part time workers in Bay County from 2016 to 2024, which will add \$690 million of Personal Income for the region. This amounts to \$1.9 billion in total output and a \$940 million increase in the local Gross Domestic Product over this period. Bay County workers across all industry sectors are expected to see an annual wage increase of approximately \$200 per year as a result of the contract.

Additionally, the Coast Guard plans to acquire a total of 25 Cutters. If Eastern is awarded a contract for the additional sixteen Cutters, Eastern would need to directly employ an average of approximately 900 workers per year through 2032 with work extending through 2035. The Haas Center estimates that such an award would indirectly and directly support another 19,000 jobs in the region over this period, bringing the total jobs impact to 29,933 from 2016 to 2035. The total personal income over this period would be \$2.9 billion with an increase in Gross Domestic Product of \$3.0 billion.

Economic Impact of Eastern Shipbuilding Group's US Coast Guard Contract

	2016 to 2024 9 Cutters	2025 to 2035 Additional 16 (potential)	Total Contract Impact
Total Employment	10,304	19,629	29,933
Gross Domestic Product (Billions)	\$ 0.94	\$ 2.04	\$ 2.98
Output (Billions)	\$ 1.94	\$ 4.24	\$ 6.18
Personal Income	\$ 0.69	\$ 2.22	\$ 2.91
(Billions)			
Avg. Annual Wage Increase (2017\$)	\$ 198 (0.5%)	\$ 271 (0.8%)	\$ 233 (0.7%)

INTRODUCTION

Project Background

The United States Coast Guard (Coast Guard) is the nation's leading maritime law enforcement agency, with responsibilities for drug interdiction, protecting U.S. fishing interests and agreements, and enforcement of immigration law at sea. On September 15, 2016 it awarded a detail and design contract to Eastern Shipbuilding Group in Panama City, Florida. Eastern Shipbuilding Group is currently finalizing its design to construct Offshore Patrol Cutters to replace the Medium Endurance Cutters currently in service. The contract includes options for production of up to nine (9) vessels and has a potential total value of up to \$1.5 billion dollars. The Coast Guard plans to acquire a total of twenty-five (25) Offshore Patrol Cutters.



Industry Overview

The US Ship Building and Repairing industry (NAICS code 336611) comprises establishments primarily engaged in operating a shipyard. Shipyards are fixed facilities with dry docks and fabrication equipment capable of building a ship, defined as watercraft typically suitable or intended for other than personal or recreational use. Activities of shipyards include the construction of ships, their repair, conversion and alteration, the production of prefabricated ship and barge sections, and specialized services, such as ship scaling.

Key buying industries include oil and gas extraction companies (cargo ships), iron ore mining (cargo ships), ocean & coastal transportation (container ships, ferry boats, passenger ships and patrol ships), sightseeing transportation (passenger ships), port & harbor operations (towboats and tugboats), stevedoring & marine cargo handling (container ships) and national security and international affairs (submarines, patrol boats, and naval ships).

In the United States, the military is the major source of revenue for the industry, absorbing nearly 80% of its products and services. The US Navy only buys from domestic shipbuilders and the federal Jones Act prohibits the use of foreign built vessels on routes between US ports. While past industry performance has been mixed, the five year forecast is for the industry to grow at an annualized 4.6% to \$34.2 billion due to increased military and oil and gas production demand (source IBISWorld, "Staying Afloat: Despite a Decline in Orders, Military Shipbuilding and Updates Will Bolster Revenue." Industry Report 33661a, June 2017).

According to the Maritime Association (MARAD), in 2013 the operations of private shipbuilding and repairing industry directly provided 110,390 jobs, indirectly supported another 277,320 jobs and generated a total economic impact of \$37.3 billion in Gross Domestic Product (GDP).

United States Shipbuilding Industry (2008 – 2022)								
	Revenue (\$m)	Establishments	Employment	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand	Defense Funding (\$b)
2008	24,848.70	679	105,397	590.9	327.5	6,310.1	24,585.3	617.1
2009	25,690.70	649	106,602	384.5	637.8	6,417.0	25,944.0	656.7
2010	25,685.90	634	101,306	605.2	891.4	6,209.5	25,972.1	680.6
2011	25,215.80	637	100,325	539.7	261.4	6,342.9	24,937.5	677
2012	26,934.60	689	108,311	1,495.9	768.0	6,909.5	26,206.7	637.3
2013	27,299.30	683	106,627	702.8	1,238.9	6,799.8	27,835.4	585.3
2014	25,973.60	678	106,734	1,242.2	403.4	6,904.0	25,134.8	548.1
2015	25,621.00	684	106,856	990.6	948.2	7,046.0	25,578.6	530.4
2016	26,132.30	699	109,192	843.3	327.8	7,211.4	25,616.8	523.8
Projected								
2017	27,302.60	710	112,714	874	346.6	7,494.4	26,775.2	537.1
2018	28,021.40	726	115,684	912.1	364.6	7,711.6	27,473.9	573.4
2019	30,688.10	752	123,534	937.3	374.5	8,350.3	30,125.3	591.0
2020	33,273.50	790	131,789	961.6	382.6	9,007.8	32,694.5	605.2
2021	34,867.30	806	136,499	983.2	389.4	9,394.8	34,273.5	619.2
2022	34,222.00	812	135,843	1,009.8	397.9	9,306.5	33,610.1	638.0
Source: IBISWorld								

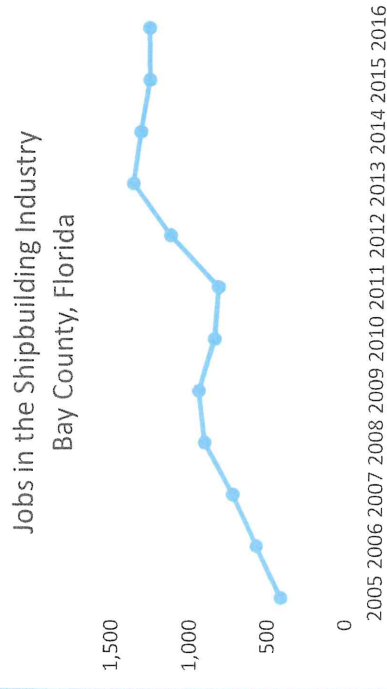
Shipbuilding Industry in Bay County

Shipbuilding as an industry became a major factor in Bay County in World War II. Responding to the wartime shipping needs of Great Britain, the United States Maritime Commission selected the J. A. Jones Construction Co. to build and operate a yard for construction of Liberty ships in Panama City. One of nineteen American shipyards used for this purpose, the five slipways of the Wainwright Yard saw 108 ships constructed from 1943 to the end of the war.

Named for General Jonathan Wainwright, the impact of the yard on the local economy was significant. With as many as 15,000 employees at any one time, the company provided housing, stores, and restaurant and laundry facilities within the property. Panama City population increased from 20,000 in 1940 to a wartime peak of 60,000 residents. With the construction of the last ships in late 1945, removal of the slipways and shops then occurred and the site came under operation of the Panama City Port Authority. (Source: Museum of Florida History).

The present day industry as a whole employs approximately 1,280 workers in 9 establishments with average earnings of \$69,804 per job. The size of the industry has more than tripled since 2005. This level of employment places the industry as the 15th largest industry Bay County and the largest manufacturing industry in the county. Additionally, it is also the eighth largest export industry in the county, bringing in over \$237.7 million dollars in out of state monies into the local economy.

Shipbuilding is also a significant part of the larger regional economy, employing residents of adjacent counties and making supply chain purchases throughout the region and state.



Source: EMSI Q3 2017 Data

Top Industries by Employment in Bay County

Description	2016 Jobs
Total Employment	87,132
Restaurants and Other Eating Places	9,774
Education and Hospitals (Local Government)	4,962
Federal Government, Military	4,293
Federal Government, Civilian	3,825
Local Government, Excluding Education and Hospitals	2,698
General Medical and Surgical Hospitals	2,334
Offices of Physicians	2,066
Services to Buildings and Dwellings	2,048
Other General Merchandise Stores	1,796
Traveler Accommodation	1,700
Grocery Stores	1,669
Business Support Services	1,614
Architectural, Engineering, and Related Services	1,473
Building Equipment Contractors	1,425
Ship and Boat Building	1,279
Department Stores	1,254
Activities Related to Real Estate	1,216
Other Amusement and Recreation Industries	1,130
State Government, Excluding Education and Hospitals	1,111
Religious Organizations	967

Top Export Industries in Bay County

Industry	Exports
Federal Government, Civilian, Excluding Postal Service	\$4,975,150,829
Federal Government, Military	\$1,763,907,376
State Government, Excluding Education and Hospitals	\$578,651,322
All Other Basic Organic Chemical Manufacturing	\$449,264,020
Full-Service Restaurants	\$342,402,458
Offices of Physicians (except Mental Health Specialists)	\$257,809,347
Paper (except Newsprint) Mills	\$239,146,673
Ship Building and Repairing	\$237,733,341
Limited-Service Restaurants	\$200,065,476
Residential Property Managers	\$183,585,872
Hotels (except Casino Hotels) and Motels	\$158,283,539
Iron and Steel Pipe and Tube Manufacturing from Purchased Steel	\$142,480,007

Note: An export industry in this context is an industry that brings dollars into a region and is not limited to those industries that are producing and shipping a product. Source: EMSI Q3 2017 Data.

Between 2010 and 2016, the Ship Building Industry was the fastest growing manufacturing industry in Bay County. Ship Building was also the most competitive industry in manufacturing and the fifth most competitive industry overall during the same time.¹

Industry	Job Change	Ind Mix Effect	Nat Growth Effect	Expected Change	Competitive Effect
Ship Building and Repairing	411	(64)	82	18	393
Welding and Soldering Equipment Manufacturing	138	4	2	6	131
Iron and Steel Pipe and Tube Manufacturing from Purchased Steel	104	(5)	8	3	101
All Other Miscellaneous General Purpose Machinery Manufacturing	60	0	0	0	60
Sign Manufacturing	58	4	6	10	48
Truss Manufacturing	41	0	0	0	41
Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	35	(3)	1	(2)	38
Rendering and Meat Byproduct Processing	36	(1)	1	0	37
All Other Miscellaneous Chemical Product and Preparation Manufacturing	35	0	0	0	35
Scale and Balance Manufacturing	40	(5)	12	7	33
Wood Container and Pallet Manufacturing	29	0	1	1	29
Gypsum Product Manufacturing	25	0	0	0	25
Steel Foundries (except Investment)	19	0	0	0	19
Household Furniture (except Wood and Metal) Manufacturing	18	0	0	0	18
Other Commercial and Service Industry Machinery Manufacturing	19	(4)	5	1	17
Surgical and Medical Instrument Manufacturing	14	0	0	0	14

1 Source: EMSI Q3 2017 Data - In shift share analysis, competitive effect reflects the regional growth that cannot be explained by either overall national growth or industry/occupation-specific trends. This is the growth (or decline) that is unique to the region

Workforce

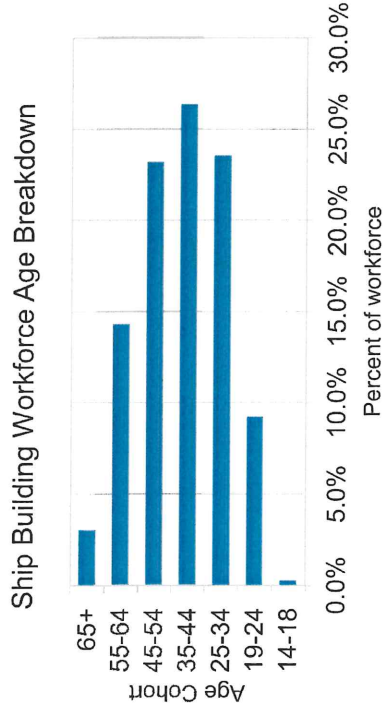
Ship building and support services are labor intensive, with large ships often requiring over 1,000 workers to complete. Laborers tend to have specialized skill such as heavy equipment operation, welding and naval engineering. As a result, industry wages are relatively high compared to the same occupations in other industries.

Workforce issues facing the industry include an aging workforce, lack of individuals entering the trades, a dearth of training opportunities and the rapidly rising cost of recruiting, hiring, testing, and training.

Most occupations within the industry require high school or equivalent levels of education, with moderate term on the job training or apprenticeships.

Currently the ship building industry the largest employer of Welders, Cutters, Solderers, and Brazers in the broader Bay County region, with nearly 44 percent of workers in that classification residing in Bay, Walton and Gulf counties working in that occupation. The industry is also by far the largest employer of Structural Metal Fabricators and Fitters, with nearly 55% of the occupation in the three counties working in it.

SHIPBUILDING WORKFORCE BY AGE



Source: EMSI Q3 2017 Data

STAFFING PATTERNS – TOP 20 OCCUPATIONS EMPLOYED IN THE SHIPBUILDING INDUSTRY

The table shows the major occupations working in the industry, their job growth within the county since 2007, the percentage of the total industry employment the occupation represents, and the median hourly earnings for the occupation.

The next table shows the average wages of occupations employed within the ship building industry, with an estimate of how many of those types of workers reside in Bay County and how many commute from other areas.

	Employed in Industry (2016)	% Change (2007 - 2016)	% of Total Jobs in Industry (2016)	Median Hourly Earnings
Welders, Cutters, Solderers, and Brazers	150	76%	11.9%	\$15.76
Structural Metal Fabricators and Fitters	84	87%	6.6%	\$19.14
Plumbers, Pipefitters, and Steamfitters	70	79%	5.6%	\$11.99
Fiberglass Laminators and Fabricators	69	77%	5.4%	\$14.67
First-Line Supervisors of Production and Operating Workers	62	77%	4.9%	\$22.87
Team Assemblers	59	74%	4.7%	\$12.51
Electricians	57	78%	4.5%	\$19.76
Mechanical Engineers	49	88%	3.8%	\$47.10
Painters, Transportation Equipment	35	75%	2.8%	\$12.50
Carpenters	29	71%	2.3%	\$16.85
Mechanical Drafters	24	60%	1.9%	\$26.79
Construction and Related Workers, All Other	19	90%	1.5%	\$15.63
Helpers--Production Workers	16	60%	1.2%	\$10.75
Laborers and Freight, Stock, and Material Movers, Hand	16	78%	1.2%	\$10.52
Engineering Technicians, Except Drafters, All Other	16	100%	1.2%	\$33.10
Machinists	16	60%	1.2%	\$23.79
Painters, Construction and Maintenance	15	88%	1.2%	\$12.96
Maintenance and Repair Workers, General	12	71%	1.0%	\$15.49
Riggers	12	50%	1.0%	\$19.78
Electronics Engineers, Except Computer	11	57%	0.9%	\$50.12

Source: EMSI Q3 2017 Data

AVERAGE WAGES OF BAY COUNTY SHIPBUILDING OCCUPATIONS

	Avg. Hourly Earnings	2016 Resident Workers	2016 Net Commuters
Electronics Engineers, Except Computer Mechanical Engineers	\$47.66	193	79
Mechanical Drafters	\$45.88	222	100
Engineering Technicians, Except Drafters, All Other	\$28.09	42	13
Carpenters	\$32.17	99	33
Electricians	\$17.23	531	72
Painters, Construction and Maintenance	\$19.76	356	47
Plumbers, Pipefitters, and Steamfitters	\$13.29	241	31
Construction and Related Workers, All Other	\$13.89	405	103
Maintenance and Repair Workers, General	\$16.17	114	10
Riggers	\$15.86	933	93
First-Line Supervisors of Production and Operating Workers	\$21.03	21	1
Structural Metal Fabricators and Fitters	\$23.59	228	52
Fiberglass Laminators and Fabricators	\$18.80	111	32
Team Assemblers	\$14.96	64	8
Machinists	\$12.81	261	24
Welders, Cutters, Solderers, and Brazers	\$24.50	61	7
Painters, Transportation Equipment	\$16.52	244	66
Helpers--Production Workers	\$13.48	56	15
Laborers and Freight, Stock, and Material Movers, Hand	\$11.60	86	16
	\$12.11	827	113

Source: EMSI Q3 2017

MANUFACTURING SECTOR COMMUTING PATTERN



Bay County Goods Producing Workers by Place of Residence

In general, nearly 28% of all types of workers who work in Bay County reside elsewhere, with 11% of the “Goods Producing” workforce residing outside of Bay County.

According to U.S. Census Bureau’s 2014 LEHD Origin-Destination Employment Statistics, Bay County had a net inflow of 478 workers in the manufacturing sector. The net inflow indicates that 478 more workers who live outside of Bay County have a manufacturing job in Bay County as compared to Bay County residents who have manufacturing jobs outside the county. The map indicates the place of residence for those who work in Bay County in “Goods Producing” industry sectors². For those who work in Bay County Goods Producing industries, approximately 51% work in Construction and 40% in Manufacturing.

As the map illustrates, increases in demand for employment in the ship building will draw workers from both within and outside of Bay County.

² For privacy reasons, the Census Bureau only provides three industry groups when reporting data that includes both origin (home) and destination (work) of workers: “Goods Producing,” “Trade, Transportation, and Utilities,” and “All Other Services.” Goods Producing includes NAICS codes 11, 21, 23 and 31-33. Approximately 40% of the industry group are Manufacturing (NAICS 31-33) and 51% are Construction (NAICS 23), with the remaining 10% in NAICS codes 11 and 21.

Eastern Shipbuilding Group

Founded in 1976 and based in Panama City, Florida, Eastern Shipbuilding Group, Inc. (Eastern) specializes in commercial steel and aluminum vessel construction and repair services. It builds offshore supply vessels and tugs, inland towboats, SWATH vessels, passenger vessels, Ro-Ro/passenger ferries, specialty vessels, inland transport vessels, barges, fireboats, research vessels, offshore construction vessels, dredges, high speed passenger vessels, fishing vessels, and more.

Eastern's Allanton Road facility sits on 300 acres with multiple launch ways of 1,500 linear feet and more than 6,000 feet of waterfront leading out to the Gulf of Mexico. A 60,000-square-foot building houses steel-fabrication equipment, shot-blasting and painting machines, three ten-ton overhead cranes, a plasma plate-burning machine, two 500-ton apron press brakes and fourteen crawler cranes with up to 660 tons of capacity. It also has a 58,580-square-foot warehouse that includes electrical, pipe and carpenter shops along with sandblasting and paint facilities. A 7,000-square-foot office building houses the engineering, project management, purchasing, safety, and quality assurance and control departments.

The Nelson Street Shipyard is home to the corporate offices and sits on 24 acres with more than 2,000 feet of waterfront. Adjacent to the yard is a six-acre fabrication facility where most of the modular work is done. It has a 23,400-square-foot machine shop and a 17,000-square-foot warehouse with concrete fab platens. There are six crawler cranes with up to 300-ton capacity, two marine railways, over 900 linear feet of steel bulkheaded, side-launch capability, and shipping and receiving buildings.

In September 2016, the largest contract in the US Coast Guard's 226 year history was awarded to Eastern Shipbuilding. The contract is for the design and production of a new cutter for the service. The contract is currently valued at up to \$2.38 billion over a 12 year period.

ECONOMIC IMPACT

Methodology

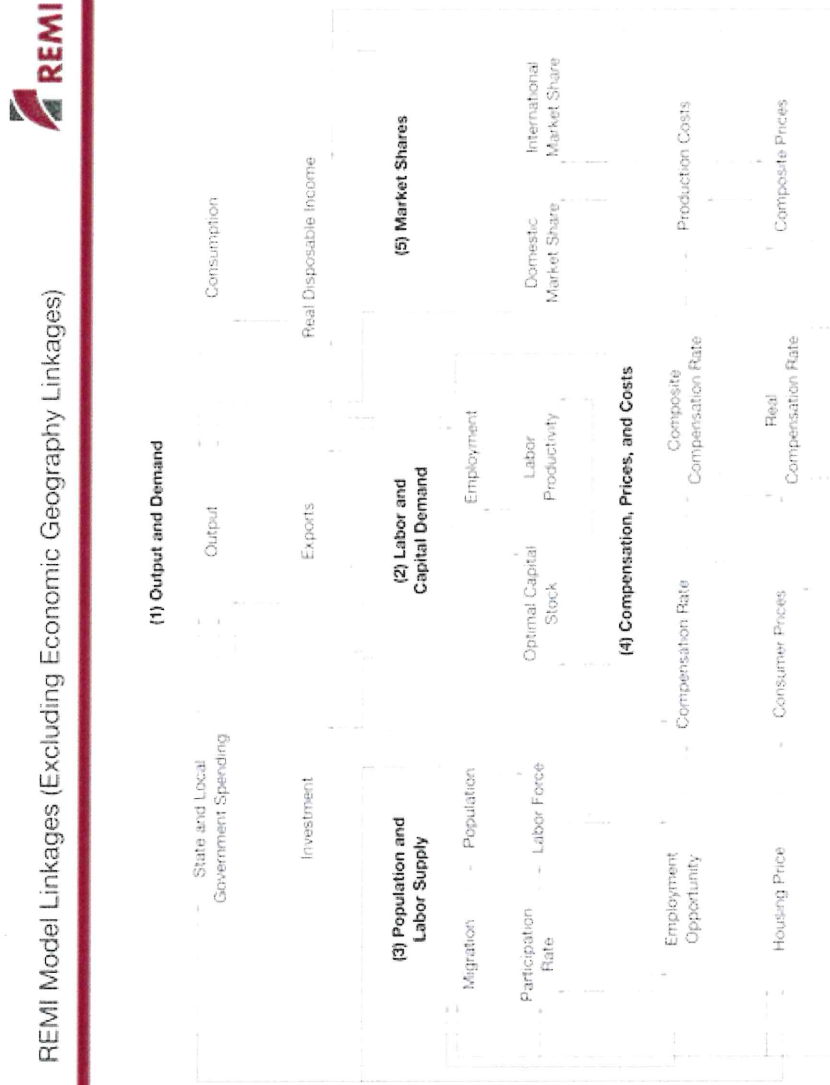
There are several types of models typically used to calculate economic impacts. Input-output models use financial flow data generated from businesses' accounting data, and spending patterns for households of particular income levels, to describe the economic linkages that exist within a regional economy. These models begin with U.S. government-generated county level data on business purchases and receipts in order to model the inputs that are used from across the many sectors of the economy in the production of particular goods and services. The level of geographic and commodity detail can vary from production of printing ink, to storage batteries, to banking services in a geographic area as small as a zip code or as large as the national economy. The most commonly reported and useful level of detail is county-level geography at the 1 to 6 digit North American Industry Classification System (NAICS) level of commodity detail. Examples of these models include the RIMSII modeling system from the US Department of Commerce and the IMPLAN modeling system from MIG, Inc. of St. Paul, MN.

Econometric simulation models combine the sector detail and geography detail of input/output models but provide for functioning economic linkages between sectors and regions over time. The current study uses data provided by Eastern entered into REMI PI+ Version 2.1.1 (Regional Economic Models Inc.), in a 67 county structural econometric model for the state of Florida. It incorporates the basic input/output linkages, but also uses a number of econometrically estimated parameters, for example, interregional migration in response to changes in economic opportunities, in generating impact results. Because of these between-sector linkages, the model incorporates general equilibrium tendencies as the economy responds to shocks over time. That is, changes in spending in a region affect not just conditions in that market, but also in other markets within the region (economists term this a "general equilibrium") and outside the region (via trade and also via migration in response to changes in economic opportunities).

This contrasts with traditional input-output models that are both static (all effects are assumed to occur simultaneously, so there is no adjustment path over time) and partial equilibrium (e.g. changes in employment do not change wage rates) in nature. This describes the phenomenon whereby, for example, a manufacturing facility opens in a region and pays wages higher than the area's average wage. Because of the increased demand for workers with that skill set, the region's manufacturers and possibly construction industry may have to increase their wages or benefits to retain existing workers or attract new workers. A traditional input-output model simulation of the economic impact holds everything else fixed (including manufacturing wages across the county) and simply documented the employment and job creation effects resulting directly at the new manufacturing facility and indirectly via businesses in its supply chain, as well as household spending induced by the new income flows.

A simulation model such as REMI captures not only the spending effects flowing from the manufacturing facility and its local suppliers and employees and owners, but also the spillover effects into other markets as wages and prices change due to competition for the same employees and other resources. These are the general equilibrium (equilibrium across all markets simultaneously) tendencies of the model. It also

simulates the adjustment path over time of these market responses, using historical parameters estimated specifically for that county (the dynamic component). In an input-output model, impacts are usually measured as gross impacts, or additions to the area's economy without consideration of the extent to which, for example, a project's use of labor force may make labor more expensive to other businesses, or require additional infrastructure investment. The use of REMI attenuates this problem and so comes closer to an estimate of net, rather than gross, economic impacts because of the feedback effects present in this simulation model.



Regional Impact

In estimating economic impact, we quantify the economic contribution to Bay County of the major capital investment expenditures projected for fulfilling the Coast Guard contract. Because funds within the region circulate throughout it, the impact of the spending activity associated with Eastern is a multiple of the initial, or first, round of spending, minus the leakages that occur from sources of supply residing outside of the county boundaries. Employment, gross domestic product, output, personal incomes and labor force are the measures used for economic contribution. The data used to estimate the economic contribution are from projected construction and investment costs in year 2017 dollars. Major capital investment is considered a one-time expenditure.

The inputs for the analysis were provided by Eastern yearly over the project life of the contract. The analysis included spending and hiring for construction of the first 9 ships through year 2024 and projected hiring and spending costs for construction of ships 10 through 25 through year 2035.

It should be noted that all REMI output is shown as a deviation from a baseline forecast. This deviation is reported on an annual basis by the model, but total effects are reported as a cumulative impact of multiple years of such deviation from the baseline. Once shocks to an economy are absorbed, their impacts lessen or even cease over time as the economy achieves a new equilibrium.

Jobs. Spending as a result of the new Coast Guard contract will be responsible for 10,304 direct, indirect and induced jobs from 2016 to 2024, and an additional 19,629 jobs from 2025 to 2035 if all vessels are constructed. Impacts from this job creation will be felt throughout the NWF region. Sectors most effected will include manufacturing and retail trade. Occupations effected will include all types of production workers and sales.

Wages. The econometric model estimates that without the Eastern contract, the average annual wage in Bay County will grow an average of 1.2% per year from 2016 to 2035. As a result of the increased demand stimulated by the contract, the average wage of all workers in Bay County are expected to see an additional increase of 0.5-0.7% in annual wages, which amounts to approximately \$198-233 per year. During the peak years of employment³, the average annual wage for Bay County workers will increase by more than 1% (\$300-\$385) as a result of the Eastern contract.

³ Beginning in 2023 for the first nine vessels, and continuing through 2033 for vessels ten through twenty-five

Gross Domestic Product. GDP represents the total value of all goods and services produced within a geographic area. The REMI model estimates that the initial ship build under the contract will represent an increase of GDP of over \$940 million in Bay County from 2016 to 2024 over the baseline forecast. An additional \$2 billion dollars of increased GDP will be generated if the remaining contracted vessels are completed.

Output. Output from the econometric model may be looked at as increased sales within the selected region. The model estimates that output will increase in Bay County from 2016 to 2024 by almost \$2 billion because of the Coast Guard contract. If all ships are ultimately constructed, total increased output will reach over \$6 billion.

Table 1: Bay County Economic Impact Summary

	2016 to 2024	2025 to 2035	Total
<i>Employment</i>	10,304	19,629	29,933
Gross Domestic Product (Billions 2017\$)	\$ 0.94	\$ 2.04	\$ 2.98
Output (Billions 2017\$)	1.94	4.24	6.18
Personal Income (Billions 2017\$)	\$ 0.69	\$ 2.22	\$ 2.91
Labor Force	5,739	18,321	24,061
Avg. Annual Wage Increase (2017\$)	\$ 198 (0.5%)	\$271 (0.8%)	\$233 (0.7%)

Table 2: Impact by Industry Sector (jobs)

Industry	2016 to 2024	2025 to 2035	Total Contract Impact
Natural Resources and Utilities	37	46	83
Construction	1,445	1,424	2,870
Manufacturing	4,463	8,759	13,222
Wholesale Trade	107	187	294
Retail Trade	752	1,600	2,352
Transportation and Warehousing	82	84	166
Information	37	62	99
Finance and Insurance	153	254	407
Real Estate and Rental and Leasing	193	407	600
Professional, Scientific, and Technical Services	463	990	1,452
Management of Companies and Enterprises	50	90	140

Administrative and Waste Management Services	718	1,372	2,090
Educational services; private	5	10	15
Health Care and Social Assistance	368	925	1,294
Arts, Entertainment, and Recreation	58	86	144
Accommodation and Food Services	557	1,293	1,850
Other Services, except Public Administration	259	425	684

Table 3: Impact by Occupation Category (jobs)

	Occupation	2016 to 2024	2025 to 2035	Total Contract Impact
	Management, business, and financial occupations	1,005	1,895	2,900
Computer, mathematical, architecture, and engineering occupations		615	1,238	1,852
Life, physical, and social science occupations		74	155	229
Community and social service occupations		53	131	184
Legal occupations		49	105	154
Education, training, and library occupations		215	608	823
Arts, design, entertainment, sports, and media occupations		89	170	258
Healthcare occupations		300	735	1,035
Protective service occupations		142	329	470
Food preparation and serving related occupations		533	1,227	1,760
Building and grounds cleaning and maintenance personal care and service occupations		482	957	1,438
Sales and related, office and administrative support occupations		2,046	3,948	5,994
Farming, fishing, and forestry occupations		15	27	42
Construction and extraction occupations		1,038	1,151	2,189
Installation, maintenance, and repair occupations		521	933	1,455
Production occupations		2,451	4,764	7,215
Transportation and material moving occupations		676	1,256	1,932

REMI Model Annual Output for Vessels 1-9(not inflation adjusted)

Category	Units	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Employment	Thousands (Jobs)	0.05	0.14	0.38	0.9	1.36	1.44	1.65	2.07	2.33
Private Non-Farm Employment	Thousands (Jobs)	0.05	0.13	0.36	0.86	1.3	1.36	1.55	1.95	2.19
Labor Force	Thousands	0.01	0.05	0.14	0.35	0.62	0.8	1	1.26	1.5
Gross Domestic Product	Billions of Fixed (2009) Dollars	0	0.01	0.03	0.07	0.11	0.11	0.13	0.17	0.2
Output	Billions of Fixed (2009) Dollars	0.01	0.02	0.05	0.14	0.22	0.23	0.27	0.35	0.4
Value Added	Billions of Fixed (2009) Dollars	0	0.01	0.03	0.07	0.11	0.11	0.13	0.17	0.2
Personal Income	Billions of Current Dollars	0	0.01	0.02	0.05	0.08	0.09	0.11	0.15	0.18

The Economic Importance of the U.S. Shipbuilding and Repairing Industry

Maritime Administration
(MARAD)

November 2015



The Economic Importance of the U.S. Shipbuilding and Repairing Industry

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Executive Summary

The U.S. shipbuilding and repairing industry is comprised of establishments that are primarily engaged in operating shipyards, which are fixed facilities with drydocks and fabrication equipment. Shipyard activities include ship construction, repair, conversion and alteration, as well as the production of prefabricated ship and barge sections and other specialized services. The industry also includes manufacturing and other facilities outside of the shipyard, which provide parts or services for shipbuilding activities within a shipyard, including routine maintenance and repair services from floating drydocks not connected with a shipyard.

The purpose of this report is to measure the economic importance of the U.S. shipbuilding and repairing industry at the national and state levels for calendar year 2013. The importance of the industry is not limited to the direct output and employment it generates (i.e., “direct impact”). Companies in the shipbuilding and repairing industry purchase inputs from other domestic industries, contributing to economic activity in those sectors (i.e., “indirect” impact). Employees spend their incomes, helping to support the local and national economies (i.e., “induced” impact). Thus, the economic importance of the U.S. shipbuilding and repairing industry includes direct, indirect, and induced effects. Put differently, the report seeks to document what happens in the shipbuilding and repairing industry and its relationships to the broader economy. It is important to note that the term “economic impacts” as used in this report reflects the association of employment, labor income, and gross domestic product (GDP) with the shipbuilding and repairing industry, but does not imply that some of this economic activity would not otherwise exist without the industry (particularly with regard to induced impacts).

The IMPLAN model, an input-output (I-O) model based on Federal government data, was used to estimate the industry's overall economic impact. I-O modeling is typically employed to analyze how a change in economic activity in one sector of the economy affects activities in other sectors of the economy. In a so-called “marginal” impact analysis, I-O model results can be viewed as showing the impact of small changes in activity in one sector (e.g., shipbuilding) on the rest of the economy before any price adjustments and before businesses, workers, and consumers adjust their activities. The ultimate economic impact of a change in activity can be less pronounced than shown in initial I-O results, particularly if induced price changes are large.

I-O models can also be used in an economic contribution analysis, as done in this study. By simulating a “complete shutdown” of an existing industry, an economic contribution study attempts to quantify the portion of a region’s economy that can be attributed to such an existing industry. It uses the I-O model to identify all backward (i.e., upstream) linkages in the study area. An economic contribution analysis, when compared with the entire study area economy, offers insights into the relative extent and magnitude of the industry in the study area. However, this is not to say that a complete shutdown of the shipbuilding and repairing industry would result in the permanent loss of the jobs and output attributable to the industry through this exercise. In this unlikely event, the resources currently allocated to the shipyards may find employment in other industries, which would compensate in part for the loss of the jobs and output from the shipyard sector.

The study disaggregates the industry's economic activity into two components, operational and capital investment impacts. The operational impact is from purchases of intermediate goods and services,

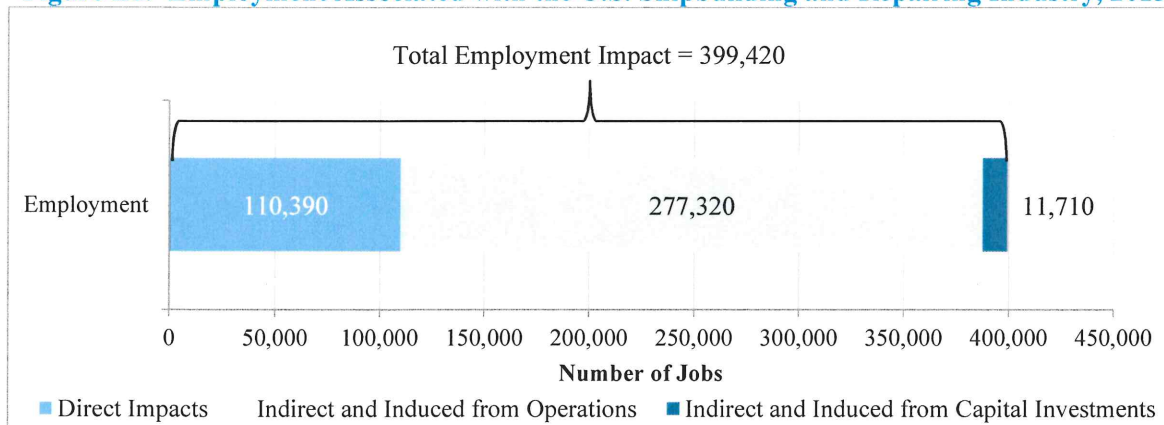
and its capital investment impact is from investment in new structures and equipment.¹ These economic impacts represent all of the backward linkages of the U.S. shipbuilding and repairing industry to its suppliers. They do not capture any forward linkages (i.e., the economic impact on production in sectors that use ships or other shipyard products as an input).

Currently there are 124 shipyards in the United States, spread across 26 states, that are classified as active shipbuilders. In addition, there are more than 200 shipyards engaged in ship repairs or capable of building ships but not actively engaged in shipbuilding.² The majority of shipyards are located in the coastal states, but there also are active shipyards on major inland waterways such as the Great Lakes, the Mississippi River, and the Ohio River. Employment in shipbuilding and repairing is concentrated in a relatively small number of coastal states, with the top five states accounting for 63 percent of all private employment in the shipbuilding and repairing industry.

The Federal government, including the U.S. Navy, U.S. Army, and U.S. Coast Guard, is an important source of demand for U.S. shipbuilders. While just one percent of the vessels delivered in 2014 (11 of 1,067) were delivered to U.S. government agencies, 10 of the 12 large deep-draft vessels delivered were delivered to the U.S. government: five to the U.S. Navy, four to the U.S. Coast Guard, and one to the National Science Foundation.

In 2013, the U.S. private shipbuilding and repairing industry directly provided 110,390 jobs (see **Figure E1**), \$9.2 billion in labor income, and \$10.7 billion in gross domestic product, or GDP, to the national economy (see **Figure E2**). Including direct, indirect, and induced impacts, on a nationwide basis, total economic activity associated with the industry reached 399,420 jobs, \$25.1 billion of labor income, and \$37.3 billion in GDP in 2013.

Figure E1. Employment Associated with the U.S. Shipbuilding and Repairing Industry, 2013

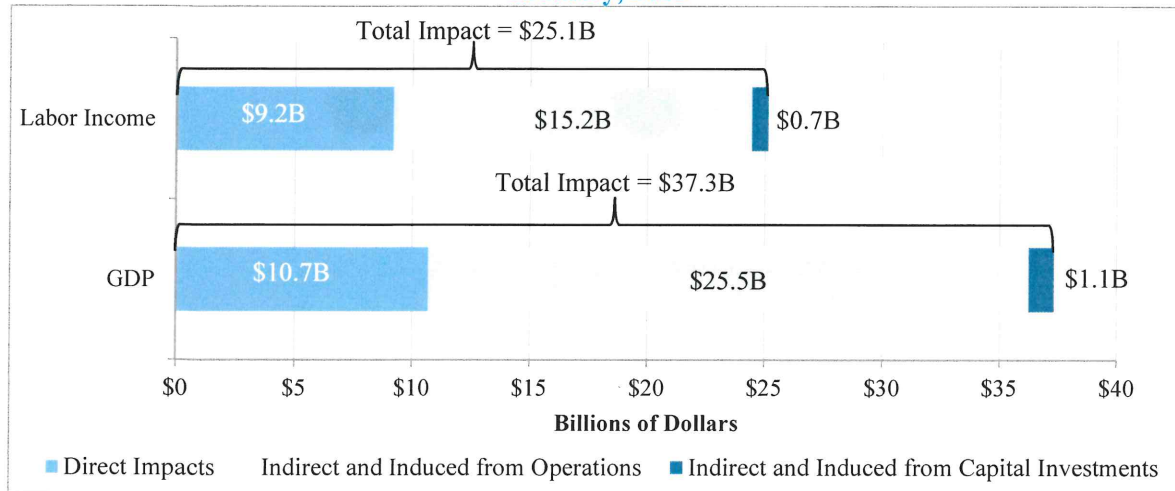


Source: Calculations using the IMPLAN modeling system (2013 database).

¹ The IMPLAN model results were adjusted to include the economic activity attributable to capital spending by the shipbuilding and repairing sector.

² See www.shipbuildinghistory.com for details.

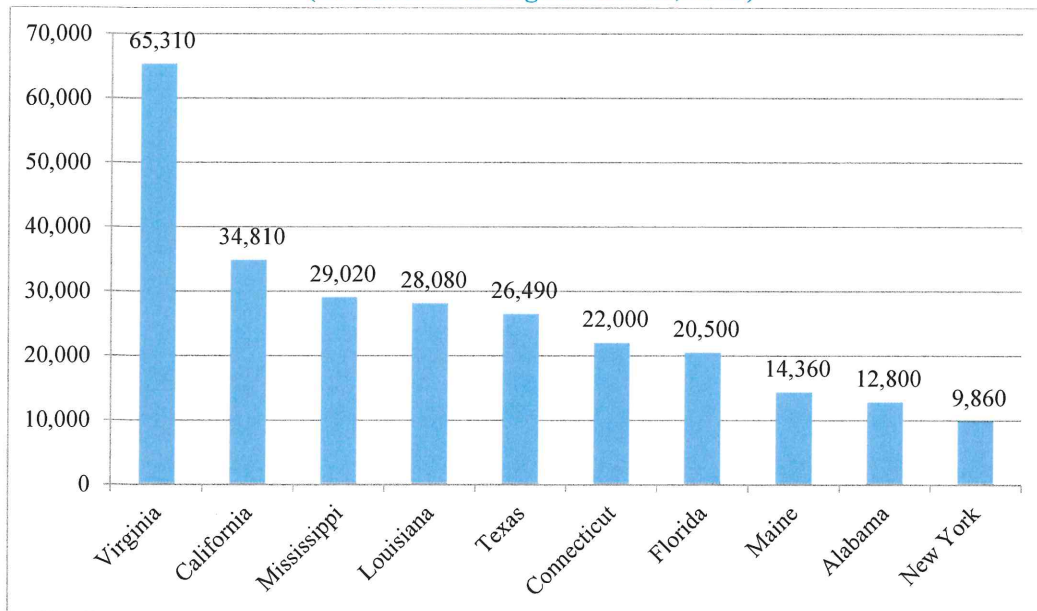
Figure E2. Labor Income and GDP Associated with the U.S. Shipbuilding and Repairing Industry, 2013



Source: Calculations using the IMPLAN modeling system (2013 database).

The industry impact by state varies based on the level of direct activity and the share of the supply chain included in the state. The states with the highest levels of overall direct, indirect, and induced employment associated with the industry are Virginia, California, Mississippi, Louisiana, and Texas (see Figure E3).

Figure E3. Total Direct, Indirect, and Induced Employment Associated with U.S. Shipbuilding and Repairing Industry Operations, by State (10 States with Highest Levels, 2013)



Source: Calculations using the IMPLAN modeling system (2013 database).

Considering the indirect and induced impacts, each direct job in the shipbuilding and repairing industry is associated with another 2.6 jobs in other parts of the US economy; each dollar of direct

labor income and GDP in the shipbuilding and repairing industry is associated with another \$1.74 in labor income and \$2.49 in GDP, respectively, in other parts of the US economy.

I. Introduction

The purpose of this report is to quantify the economic importance of the U.S. private shipbuilding and repairing industry in 2013, in terms of employment, labor income, and GDP.³ The study quantifies the industry's *operational impact* (due to its purchases of intermediate inputs) at the national and state levels and *capital investment impact* (due to its investment in new structures and equipment) at the national level. These economic impacts represent all of the backward linkages of the U.S. shipbuilding and repairing industry to its suppliers. They do not capture any forward linkages (i.e., the economic impact on production in sectors that use ships as an input). All economic impacts are reported in gross terms, which means they do not take account of what would have taken place in the absence of the shipbuilding and repairing industry.

In describing the economic importance of the U.S. shipbuilding and repairing industry through its employment and purchases of goods and services, this report considers three separate channels -- the direct impact, the indirect impact, and the induced impact -- that in aggregate provide a measure of the economic importance of the U.S. shipbuilding and repairing industry.

- **Direct impact** is measured as the jobs, labor income, and GDP within the shipbuilding and repairing industry.
- **Indirect impact** is measured as the jobs, labor income, and GDP occurring throughout the supply chain of the shipbuilding and repairing industry. The indirect impact also includes suppliers to the companies providing goods and services to the shipbuilding and repairing industry.
- **Induced impact** is measured as the jobs, labor income, and GDP resulting from household spending of labor income earned either directly or indirectly from the shipbuilding and repairing industry's spending under standard input-output modeling assumptions. It should be interpreted with caution as it involves personal spending decisions by employees of shipyards and its supply chain that are further removed from direct shipyard expenditure activities and is more difficult to estimate.

Together these effects demonstrate the shipbuilding and repairing industry's economic importance and relationship to all sectors of the U.S. economy.

The IMPLAN model, an input-output (I-O) model based on Federal government data, was used to estimate the industry's overall economic impact. I-O modeling is typically employed to analyze how a change in economic activity in one sector of the economy affects activities in other sectors of the economy. In a so-called "marginal" impact analysis, I-O model results can be viewed as showing the impact of small changes in activity in one sector (e.g., shipbuilding) on the rest of the economy before any price adjustments and before businesses, workers, and consumers adjust their activities in response to potential changes. The ultimate economic impact of a change in activity can be less pronounced than shown in initial I-O results, particularly if induced price changes are large.

I-O models can also be used in an economic contribution analysis, as done in this study. By simulating a "complete shutdown" of an existing industry, an economic contribution study attempts to quantify the portion of a region's economy that can be attributed to such an existing industry. It uses

³ Gross domestic product (GDP) reflects the income earned by labor (e.g., wages and salaries) and capital (e.g., profits) and any indirect business taxes (including excise taxes, property taxes, fees, licenses, and sales taxes paid by businesses).

the I-O model to identify all backward (i.e., upstream) linkages in the study area. An economic contribution analysis, when compared with the entire regional economy, offer insights into the relative extent and magnitude of the industry in the study area. However, this is not to say that a complete shutdown of the shipbuilding and repairing industry would result in the permanent loss of the jobs and output attributable to the industry as these resources may find employment in other industries.

The rest of this report is organized as follows. **Section II** provides a brief overview of the U.S. shipbuilding and repairing industry. **Section III** presents estimates of the industry's economic impact in 2013 in terms of employment, labor income, and GDP at the national and state levels. **Appendix A** provides additional details on the industry's economic impact at the state level. **Appendix B** provides a description of the data sources and methodology used for the study. **Appendix C** provides a brief description of the input-output model used in the analysis.

II. Overview of the U.S. Shipbuilding and Repairing Industry

A. Industry Definition

Economic activity directly associated with the U.S. shipbuilding and repairing industry is primarily captured in government data under the North American Industry Classification System (NAICS) sector 336611, Shipbuilding and Repairing. According to the U.S. Census Bureau, this industry comprises establishments that are primarily engaged in operating shipyards, which are fixed facilities with drydocks and fabrication equipment. Shipyard activities include ship construction, repair, conversion, and alteration. They also include the production of prefabricated ship and barge sections, and other specialized services.⁴ The industry may also include manufacturing and other facilities outside of the shipyard, which provide parts or services for ship building activities within a shipyard.

The industry also includes a portion of NAICS sector 488390, Other Support Activities for Water Transportation. Among other activities, NAICS sector 488390 includes routine repair and maintenance of ships from floating drydocks, as well as ship scaling services not done in a shipyard. According to the 2012 Economic Census, approximately 84.2 percent of the revenues of NAICS sector 488390 were derived from routine repairs and maintenance of maritime vessels.⁵

B. Description of the Industry

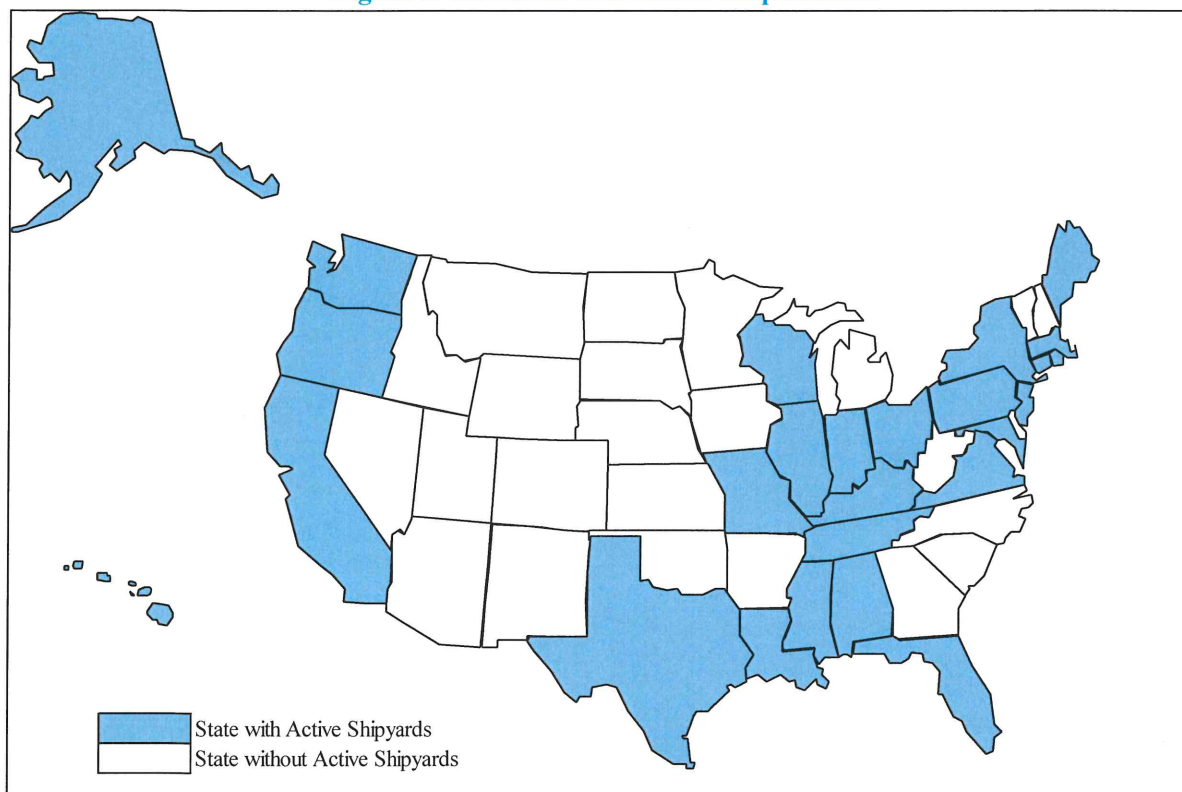
Currently there are 124 shipyards in the United States, spread across 26 states, that are classified as active shipbuilders. In addition there are more than 200 shipyards engaged in ship repairs or capable of building ships but not actively engaged in shipbuilding.⁶ As shown in **Figure 1**, below, the majority of active shipbuilders are located in the coastal states. However, there also are active shipyards on major inland waterways such as the Great Lakes, the Mississippi River, and the Ohio River. The industry also includes manufacturing and other facilities outside of these shipyards that provide parts or services for the shipbuilding and repairing industry. Furthermore, the industry includes routine maintenance and repairs conducted from floating drydocks. As a result, the scope of economic activity directly attributable to the U.S. shipbuilding and repairing industry is wider than the 26 states shown in **Figure 1**, below.

⁴ <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2007>

⁵ U.S. Census Bureau, 2012 Economic Census, Report EC124813, "Transportation and Warehousing: Industry Series: Preliminary Product Lines Statistics by Industry for the U.S.: 2012"

⁶ See the directory of shipyards at <http://shipbuildinghistory.com>. Of the 124 shipyards summarized in Figure 1, five are public yards operated by the U.S. Navy or U.S. Coast Guard, 22 are mid-sized to large shipyards capable of building naval ships and submarines, oceangoing cargo ships, drilling rigs and high-value, high-complexity mid-sized vessels, 88 are smaller yards capable of building the simpler types of smaller commercial vessels, such as tugs, towboats, offshore service vessels, fishing vessels, ferries and barges. In addition to these shipyards, there are nine shipyards currently producing large yachts and 13 occasionally producing larger vessels. Shipbuildinghistory.com also lists 287 shipyards and boatyards that are classified as inactive.

Figure 1. 26 States with Active Shipbuilders



Source: Directory of shipyards at <http://shipbuildinghistory.com>

1. Private Employment

The U.S. private shipbuilding and repairing industry accounted for an estimated 110,390 jobs in 2013, including both payroll employees and self-employed workers and both full-time and part-time workers. The vast majority of these jobs (101,870) were in NAICS sector 336611, with the remainder (8,520) accounted for by routine maintenance and repair conducted outside of a shipyard (NAICS sector 488390).⁷

Employment in shipbuilding and repairing is concentrated in a relatively small number of states (see **Figure 2**, below). In fact, as shown in **Table 1**, below, 63 percent of all private direct employment in the industry is located in just five states: Virginia, Mississippi, Louisiana, Connecticut, and California.

⁷ These numbers do not include federal government employment. According to the U.S. Bureau of Labor Statistics, total employment at federal government-operated shipyards was 30,370 in 2013, down from 30,435 in 2012.

Table 1. -- Total Private Sector Direct Employment in the U.S. Shipbuilding and Repairing Industry, Top 10 States in 2013

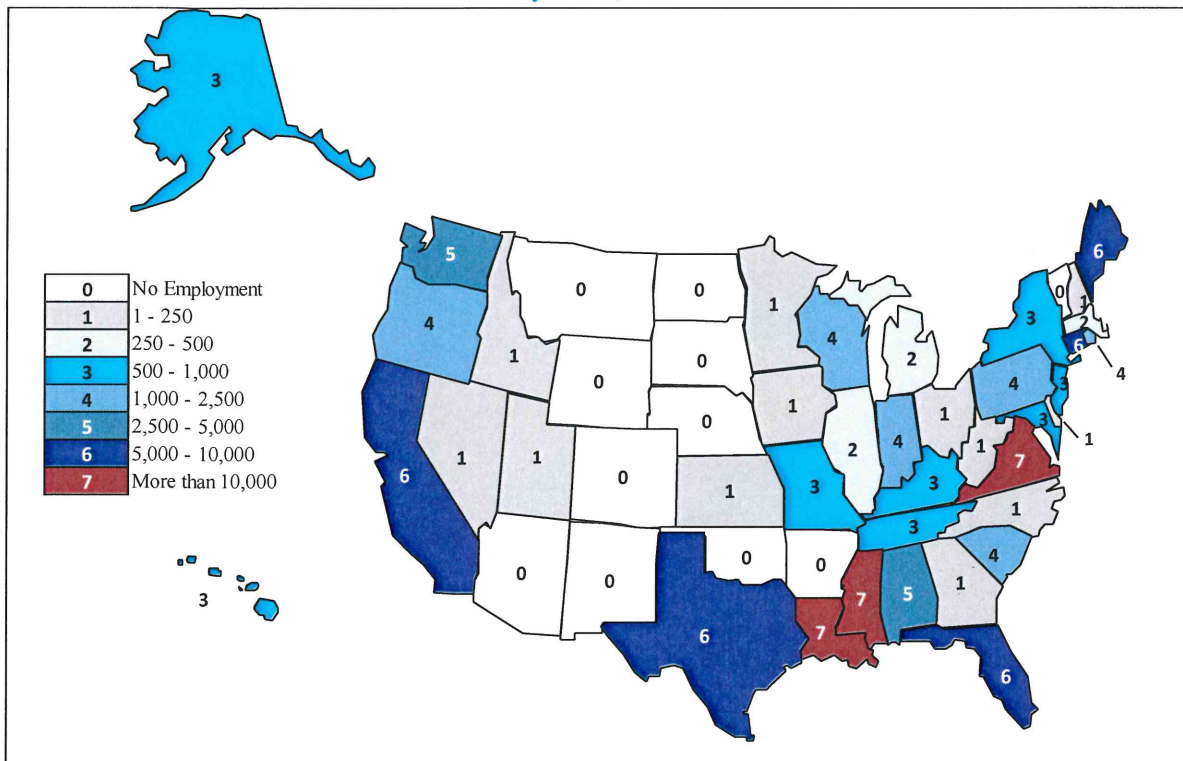
State	Private Employment ^a	Percent of U.S. Total
<i>Virginia</i>	<i>28,210</i>	<i>25.6%</i>
<i>Mississippi</i>	<i>12,720</i>	<i>11.5%</i>
<i>Louisiana</i>	<i>12,230</i>	<i>11.1%</i>
<i>Connecticut</i>	<i>9,030</i>	<i>8.2%</i>
<i>California</i>	<i>7,190</i>	<i>6.5%</i>
Texas	6,060	5.5%
Maine	5,770	5.2%
Alabama	5,590	5.1%
Florida	4,890	4.4%
Washington	3,060	2.8%
All other states combined	15,650	14.2%
U.S. Total	110,390	100%

Source: Estimates based on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis.

Note: Details may not add to totals due to rounding.

^a Employment is defined as the number of payroll and self-employed jobs, including part-time jobs.

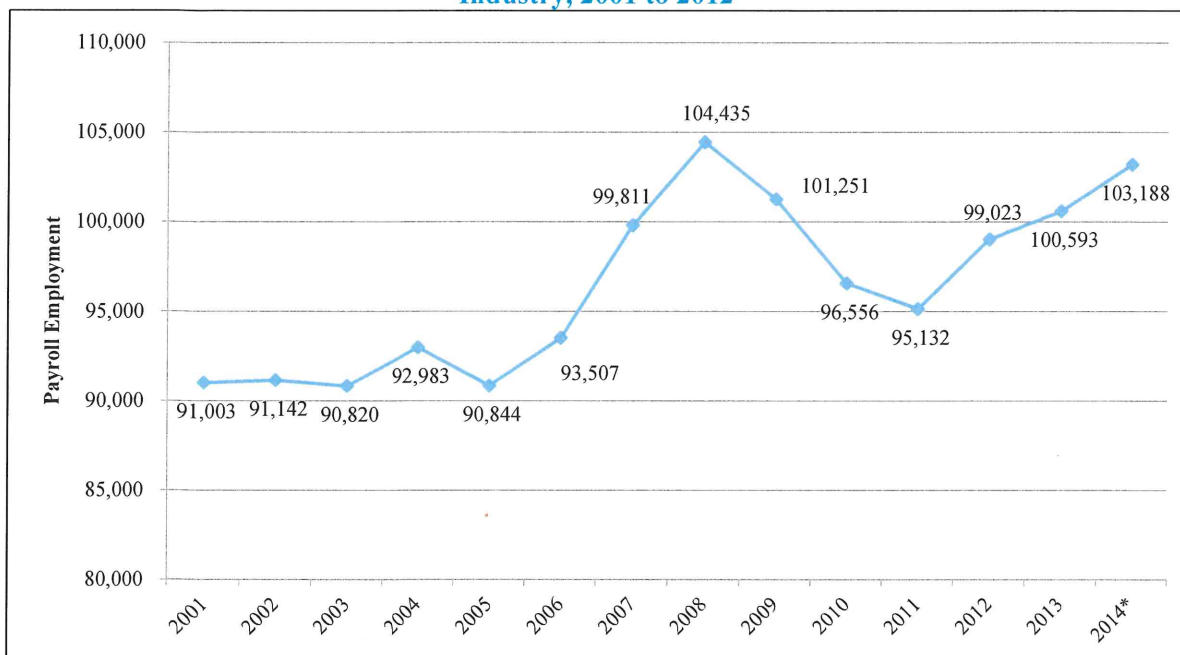
Figure 2. Private Sector Direct Employment in the U.S. Shipbuilding and Repairing Industry by State, 2013



Source: Estimates based on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis

The majority of private sector jobs in the U.S. shipbuilding and repairing industry are payroll jobs. In 2013, payroll employment accounted for 100,593 of the total 101,866 jobs in NAICS sector 336611, 99 percent of the total. Payroll employment in NAICS 336611 grew rapidly between 2005 and 2008, from 90,840 to 104,440 (see **Figure 3**, below). As a result of the global recession the industry contracted, losing more than 9,000 payroll jobs between 2008 and 2011, before rebounding in 2012. Payroll employment in NAICS sector 336611 continued its strong growth into 2014, averaging 103,188 jobs through September 2014.

Figure 3. -- Private Sector Direct Payroll Employment in the U.S. Shipbuilding and Repairing Industry, 2001 to 2012*



Source: Total private sector payroll employment for NAICS sector 336611 from U.S. Bureau of Labor Statistics, *Quarterly Census of Employment and Wages* (Downloaded April 8, 2015). Excludes the portion of the industry classified in NAICS sector 488390.

*Data for 2014 is average for January through September.

2. Labor Income

Total private sector labor income in the U.S. shipbuilding and repairing industry (including wages and salaries and benefits as well as proprietors' income) amounted to \$9.2 billion in 2013. As with private employment, industry labor income is concentrated in a relatively small number of states, with five states (Virginia, Mississippi, Connecticut, Louisiana, and California) accounting for nearly 66 percent of all direct labor income for the U.S. shipbuilding and repairing industry (see **Table 2**, below).

Average labor income per job was approximately \$83,166 in 2013, 55 percent higher than the national average for the private sector economy (\$53,639).

Table 2. -- Total Private Sector Direct Labor Income in the U.S. Shipbuilding and Repairing Industry, Top 10 States in 2013

State	Private Labor Income ^a (\$ millions)	Percent of U.S. Total
Virginia	\$2,310.5	25.2%
Mississippi	1,227.5	13.4%
Connecticut	974.9	10.6%
Louisiana	909.4	9.9%
California	618.0	6.7%
Maine	496.7	5.4%
Texas	410.3	4.5%
Alabama	370.2	4.0%
Florida	319.6	3.5%
Washington	242.7	2.6%
All other states combined	1,300.6	14.2%
U.S. Total	\$9,180.3	100%

Source: Calculations using the IMPLAN Modeling system (2013 database) and data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis.

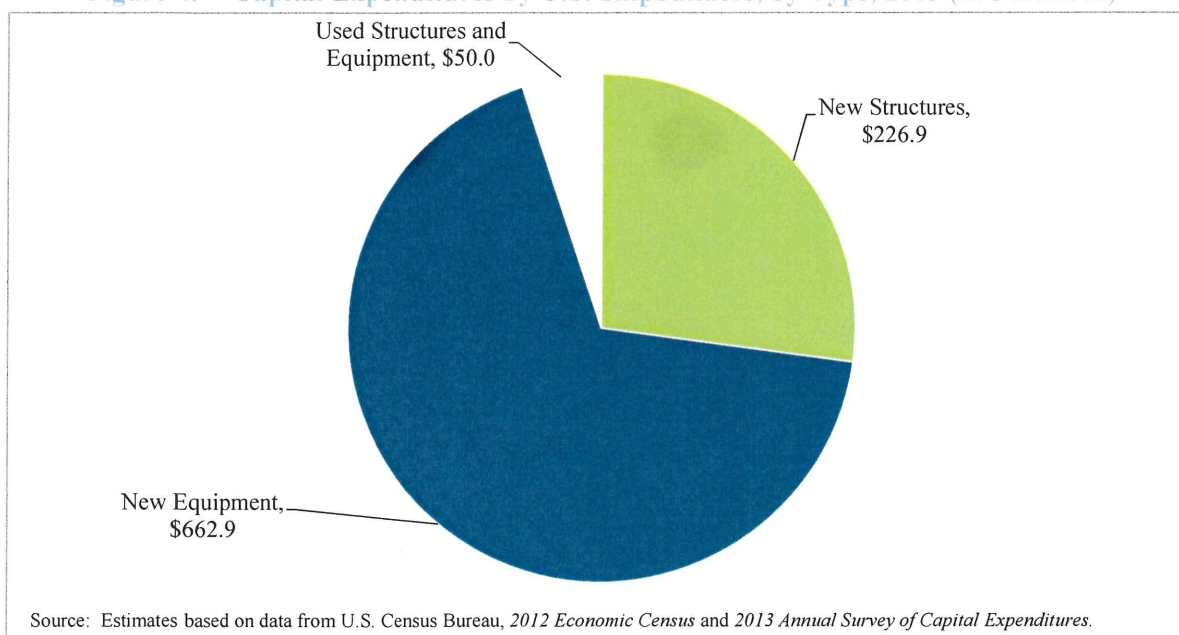
Note: Details may not add to totals due to rounding.

^a Labor income is defined as wages and salaries, benefits, and proprietors' income.

3. Capital Expenditures

According to data from the U.S. Census Bureau, the shipbuilding and repairing industry (NAICS sector 336611) spent a total of \$978.6 million on new and used capital assets in 2013, up from \$834.4 million in 2012. The majority of capital spending for the industry is spending on new structures and equipment. In 2013, the industry spent an estimated \$928.6 million on new capital assets (\$662.9 million on new equipment and \$265.7 million on new structures) and \$50.0 million on used structures and equipment (see **Figure 4**, below).

Figure 4. -- Capital Expenditures by U.S. Shipbuilders, by Type, 2013 (in \$ millions)



4. Industry Output

U.S. shipbuilders delivered 1,067 vessels of all types in 2014, down from 1,147 vessels in 2013 (see **Table 3**, below). Over 80 percent of vessels delivered during the last five years have been inland tank and deck barges. Deliveries of inland tank barges and tugs and towboats showed the greatest increase in terms of vessels delivered between 2010 to 2014.

Table 3. -- Deliveries by U.S. Shipyards, by Type of Vessel, 2010-2014

Type of Vessel	2010	2011	2012	2013	2014
Large Deep-Draft Vessels	16	11	11	8	12
Offshore Service Vessels and Crew Boats	38	21	28	44	52
Tugs and Towboats	81	110	119	105	114
Passenger Vessels (>50 feet)	23	30	33	23	21
Commercial Fishing Vessels (>50 feet)	8	20	15	27	18
Other Self-Propelled Vessels (>50 feet)	19	23	25	14	10
Large Oceangoing Barges	14	6	2	6	2
Inland Tank Barges	141	185	279	327	311
Inland Freight and Deck Barges	861	1,053	749	593	527
Total Delivered	1,201	1,459	1,261	1,147	1,067
New Construction Contracts*	75	89	84	114	77

Source: www.shipbuildinghistory.com

Note: The delivery date for a vessel was determined by the date on which its Certificate of Documentation was issued, which should be, but may not be, the date on which the shipyard made delivery.

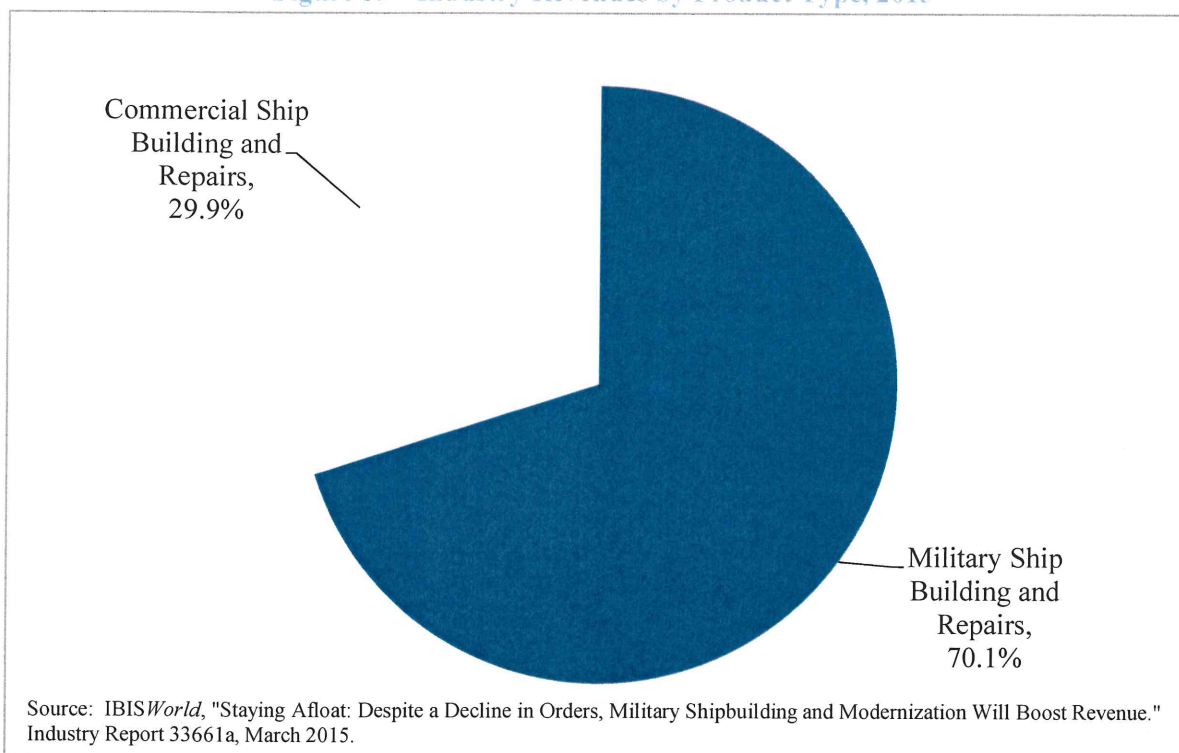
*Announced new construction contracts with U.S. shipyards for self-propelled vessels and oceangoing barges. Excludes inland barges, tugs, and towboats. Note, each contract may cover the construction of one or more vessel. For example, the 191 contracts announced in 2013 and 114 cover the construction of 347 new vessels.

While the total number of deliveries by U.S. shipbuilders has fallen in recent years, the number of new construction contracts have increased. In 2013, U.S. shipyards announced 114 new construction contracts for self-propelled vessels and oceangoing barges, most of which will be delivered in 2015 and beyond.⁸ Given the significant lag in construction of many types of vessels, employment in the U.S. shipbuilding and repairing industry has continued to grow while deliveries have declined.

The federal government, including the U.S. Navy, U.S. Army, and U.S. Coast Guard, remains an important source of demand for private U.S. shipbuilders. While only 11 of the 1,067 vessels delivered in 2014 were delivered to the U.S. government, nearly all (10 out of 12) of the large deep-draft vessels delivered were delivered to U.S. government agencies (five to the U.S. Navy, four to the U.S. Coast Guard, and one to the National Science Foundation). Furthermore, 98 out of the 150 new vessels ordered from U.S. private shipbuilders in 2014 were for the U.S. military.⁹

According to the *Annual Survey of Manufactures*, total revenues for the U.S. shipbuilding and repairing industry amounted to \$25.7 billion in 2013, up from \$25.0 billion in 2012.¹⁰ Initial estimates from industry sources indicate total revenues of \$26.3 billion for the U.S. shipbuilding and repairing industry in 2014 and \$25.5 billion in 2015, with 70 percent coming from military shipbuilding and repair and the remaining 30 percent from commercial shipbuilding and repairs (see **Figure 5**).

Figure 5. -- Industry Revenues by Product Type, 2015



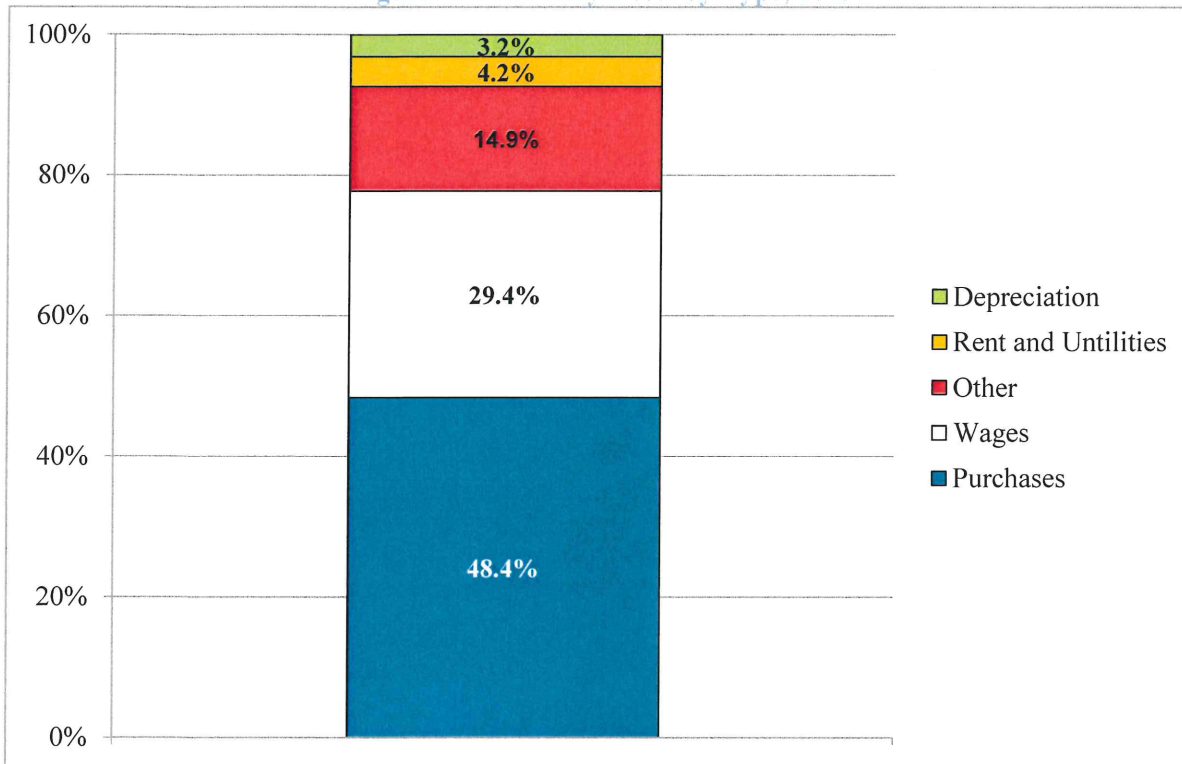
⁸ New construction contracts can be for a single vessel or for multiple vessels. The 114 contracts announced in 2013 cover the construction of 187 new ships to be delivered between 2014 and 2018.

⁹ Based on announced new construction contracts as reported by www.shipbuildinghistory.com.

¹⁰ The Annual Survey of Manufacturers was not published in 2012 due to the Economic Census. As such, 2012 numbers are from the 2012 Economic Census.

Figure 6, below, provides a breakdown of industry costs. The largest expense for ship builders is purchases of raw materials and supplies used in the construction and repair of ships, including paints, steel plates, copper tubing, aluminum, and iron castings. These purchases account for an estimated 48.4 percent of total industry costs. Labor costs are the second largest expenditure for the industry, amounting to approximately 29.4 percent of industry costs. Depreciation, rent and utilities, and other costs represent 22.3 percent of industry costs.

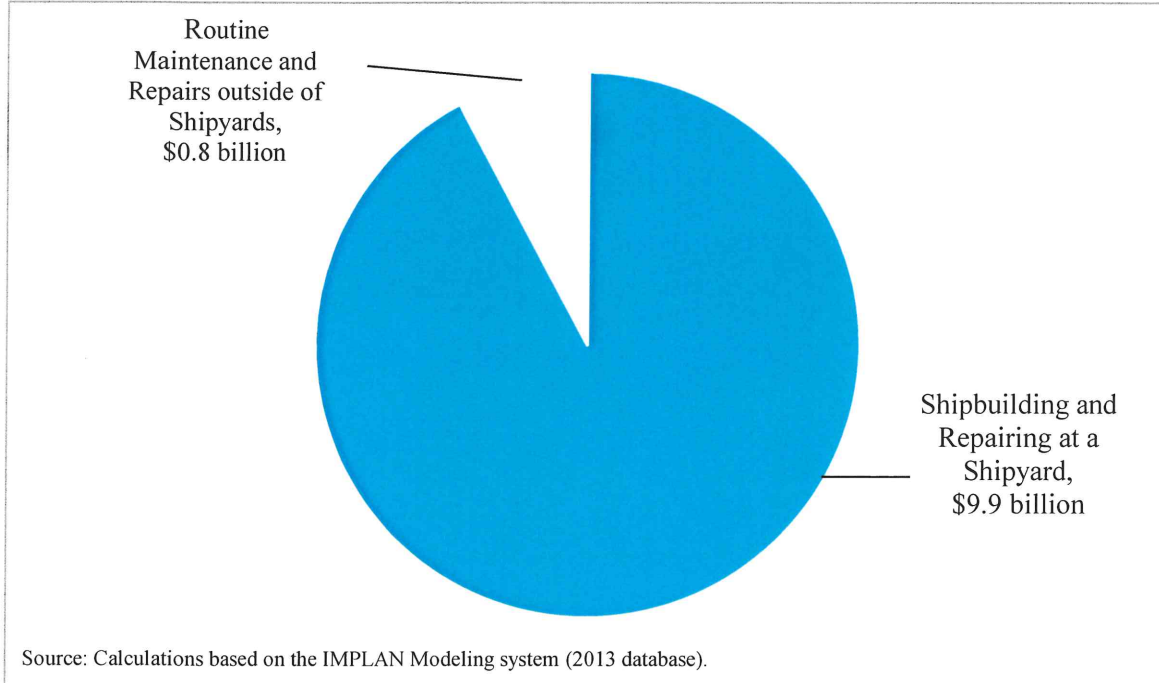
Figure 6. -- Industry Costs by Type, 2015



Source: Estimates based on IBISWorld, "Staying Afloat: Despite a Decline in Orders, Military Shipbuilding and Modernization Will Boost Revenue." Industry Report 33661a, March 2015.

Total GDP in the U.S. private shipbuilding and repairing industry (including routine maintenance and repairs conducted outside of shipyards) amounted to \$10.7 billion in 2013. As with employment, the majority of the industry's GDP (\$9.9 billion) was related to shipbuilding and repairing tied to shipyards (NAICS sector 336611), compared to \$0.8 billion for routine maintenance and repairs conducted outside of a shipyard (see **Figure 7**, below).

Figure 7. -- Total GDP in U.S. Shipbuilding and Repairing Industry, 2013



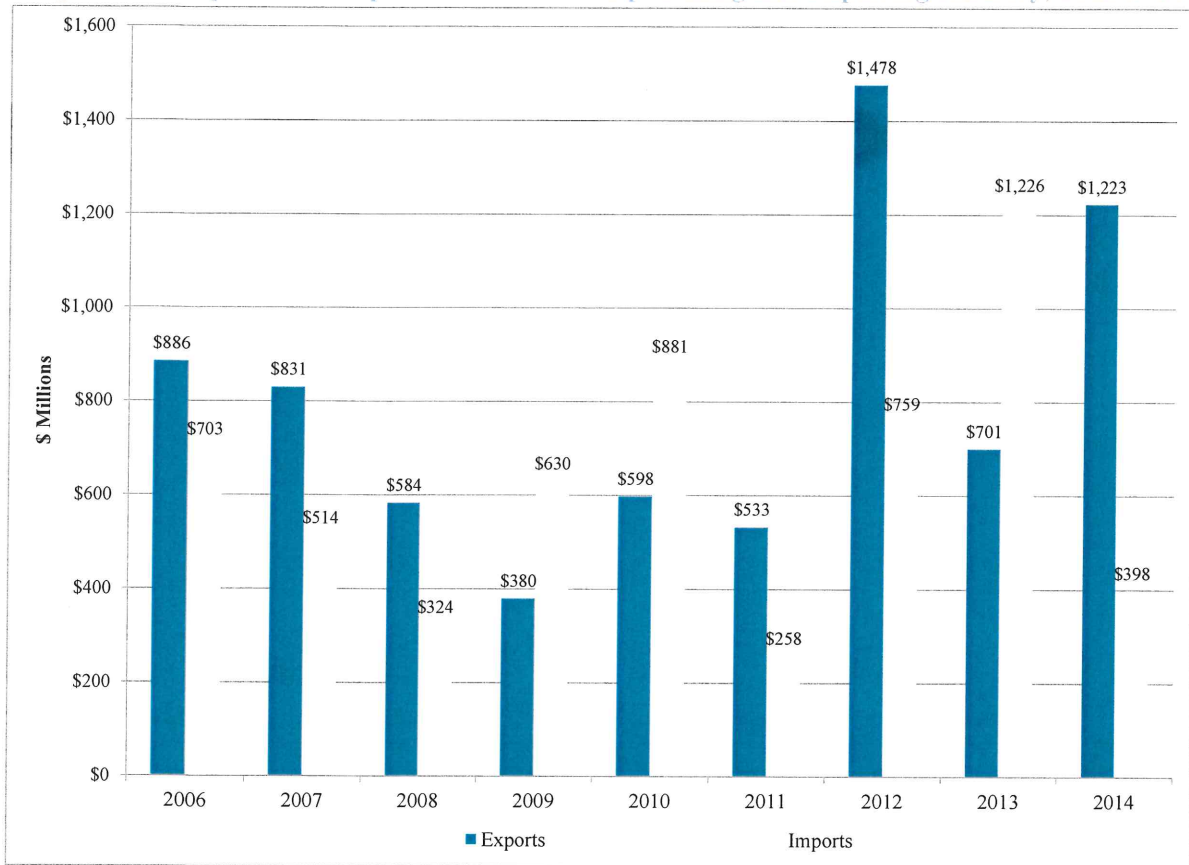
5. Foreign Trade

The value of imports and exports of ships and repair services varies considerably over time, in part due to the long lead time associated with manufacturing and delivering finished ships (see **Figure 8**, below).

Imports of finished ships, inputs, and repair services amounted to \$398 million in 2014, down from \$1.2 billion in 2013. Industry imports are limited by regulation; in particular, the Jones Act (section 27 of the Merchant Marine Act of 1920) requires that all vessels carrying goods between U.S. ports be manufactured (or rebuilt) in the United States and be owned, operated, and crewed by U.S. citizens. Additionally, the defense sector remains the industry's biggest client, accounting for more than 70 percent of industry revenues. Because defense contracts typically require access to sensitive military technology and information, the U.S. government generally limits any foreign involvement in defense contracts.

In contrast, despite an increase in foreign competition, exports by U.S. shipbuilders have strengthened in recent years, rising to \$1.2 billion in 2014 (representing 4.6 percent of industry revenues). As a result, the U.S. shipbuilding industry has run a trade surplus in six out of the last nine years and a cumulative trade surplus of \$1.5 billion over this period.

Figure 8. -- Imports and Exports for the U.S. Shipbuilding and Repairing Industry, 2006-2014



Source: IBISWorld, "Staying Afloat: Despite a Decline in Orders, Military Shipbuilding and Modernization Will Boost Revenue." Industry Report 33661a, March 2015.

III. The Economic Impact of the U.S. Shipbuilding and Repairing Industry

In this study, the economic impact of the U.S. shipbuilding and repairing industry is measured in terms of its direct, indirect and induced impacts at the national and state levels.

The IMPLAN model, an input-output (I-O) model based on Federal government data, is used to quantify these linkages.¹¹ The IMPLAN model does not track capital expenditures (such as spending on equipment) by industry; consequently, the activity associated with capital spending by the shipbuilding and repairing industry has been separately calculated. This detail is only available on a national basis. See **Appendix C** for a more detailed description of the methodology used for this study.

A. National Impact

In 2013, on a national basis, the U.S. shipbuilding and repairing industry directly provided 110,390 jobs (see **Table 4**, below). Including direct, indirect, and induced impacts, approximately 399,420 jobs were associated with the industry. Total labor income associated with all direct, indirect, and induced jobs was \$25.1 billion. The industry directly and indirectly was associated with \$37.3 billion in GDP in 2013.

Table 4. Economic Importance of the U.S. Shipbuilding and Repairing Industry, 2013

	Direct Impacts	Indirect & Induced Impacts		Total Impacts
		Operational Impacts	Capital Investment Impacts	
Employment ^a	110,390	277,320	11,710	399,420
Labor Income (\$ millions) ^b	\$9,180	\$15,251	\$700	\$25,131
GDP (\$ millions)	\$10,689	\$25,551	\$1,085	\$37,325

Source: Calculations using the IMPLAN Modeling system (2013 database) and data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis.

Note: Details may not add to totals due to rounding.

^a Employment is defined as the number of payroll and self-employed jobs, including part-time jobs.

^b Labor income is defined as wages and salaries and benefits as well as proprietors' income.

By segment, over 90 percent of the direct economic activity is in the primary industry code, shipbuilding and repairing (NAICS 336611), which was responsible for 101,870 direct jobs, paid \$8.5 billion in labor income, and generated \$9.9 billion in GDP in 2013. Routine ship maintenance and repair activities (part of NAICS 488390) directly accounted for 8,520 jobs, \$685 million in labor income, and \$837 million in GDP (see **Table 5**, below).

¹¹ The IMPLAN model is based on input-output (I-O) tables that map the flow of value along the supply chain for the different industries in the economy. For example, for the shipbuilding and repairing industry these tables provide the value of inputs purchased from other industries that supply the shipbuilding and repairing industry. The supplying industries also purchase inputs from other industries to deliver their products; these impacts are also captured. See **Appendix D** for a description of the model.

Table 5. Direct Economic Impact of the U.S. Shipbuilding and Repairing Industry, by Segment, 2013

NAICS	Segment Description	Employment ^a	Labor Income ^b	GDP
		Amount	(\$ Millions)	(\$ Millions)
336611	Shipbuilding and repairing	101,870	\$8,496	\$9,852
488390	Routine ship maintenance and repairs	8,520	\$685	\$837
	Total	110,390	\$9,180	\$10,689

Source: Calculations using the IMPLAN Modeling system (2013 database) and data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis.

^a Employment is defined as the number of payroll and self-employed jobs, including part-time jobs.

^b Labor income is defined as wages and salaries and benefits as well as proprietors' income.

Most of the indirect and induced economic impact of the industry is associated with the industry's ongoing operations, as its capital expenditures account for less than five percent (see **Table 6**, below). The largest amount of indirect and induced economic activity associated with the industry is in the services sector.¹² Other significant indirect and induced activities occur in wholesale and retail trade; finance, insurance and real estate; and manufacturing.¹³

Considering the indirect and induced impacts, each direct job in the U.S. shipbuilding and repairing industry is associated with another 2.62 jobs in other parts of the national economy; each dollar of direct labor income and GDP is associated with another \$1.74 in labor income and \$2.49 in GDP, respectively, outside of the shipbuilding and repairing industry .

¹² The services sector, such as management of companies, architectural, engineering, and related services, other professional services, employment services, and business support services, received nearly half of the indirect impact due to its importance in the supply chain to the shipbuilding and repairing industry. The services sector further received more than half of the induced impact from consumer spending attributable to the industry.

¹³ Wholesale trade accounted for 7.5 percent of the shipbuilding and repairing industry's intermediate purchases in 2013. Retail trade typically receives a large share of the induced impact from consumer spending.

Table 6. Indirect and Induced Activities Associated with the U.S. Shipbuilding and Repairing Industry, by Industry, 2013

Sector Description	Employment ^a	Labor Income (\$ millions) ^b	GDP (\$ millions)
Direct Impact of the Shipbuilding and Repairing Industry	110,390	\$9,180	\$10,689
Indirect and Induced Impact on Other Industries	289,040	\$15,951	\$26,636
<i>Operational Impact</i>	<i>277,320</i>	<i>\$15,251</i>	<i>\$25,551</i>
Agriculture	3,460	\$134	\$212
Mining	1,590	\$211	\$526
Utilities	1,030	\$146	\$499
Construction	2,570	\$168	\$200
Manufacturing	28,430	\$2,165	\$4,077
Wholesale and retail trade	32,630	\$1,663	\$2,916
Transportation and warehousing	13,980	\$795	\$1,106
Information	5,680	\$574	\$1,369
Finance, insurance, real estate, rental and leasing	31,250	\$1,696	\$5,319
Services	143,410	\$6,740	\$8,145
Other	13,300	\$958	\$1,182
<i>Capital Investment Impact</i>	<i>11,710</i>	<i>\$700</i>	<i>\$1,085</i>
Agriculture	110	\$4	\$6
Mining	50	\$7	\$18
Utilities	30	\$4	\$14
Construction	2,870	\$184	\$206
Manufacturing	1,740	\$134	\$222
Wholesale and retail trade	1,350	\$76	\$136
Transportation and warehousing	330	\$19	\$26
Information	140	\$15	\$33
Finance, insurance, real estate, rental and leasing	820	\$42	\$140
Services	3,880	\$202	\$235
Other	<u>390</u>	<u>\$13</u>	<u>\$47</u>
Total Economic Impact	399,420	\$25,131	\$37,324

Source: Calculations using the IMPLAN modeling system (2013 database).

Note: Details may not add to totals due to rounding

^a Employment is defined as the number of payroll and self-employed jobs, including part-time jobs.

^b Labor income is defined as wages and salaries and benefits as well as proprietors' income.

In 2013 the U.S. shipbuilding and repairing industry generated a total of \$2.6 billion in federal, state, and local taxes. Including the additional taxes supported by the industry's supply chain and its employees, the industry's total tax contribution was \$8.5 billion in 2013 (see **Table 7**, below).

Table 7. Direct, Indirect, and Induced Taxes Supported by the U.S. Shipbuilding and Repairing Industry, in \$ Millions, 2013

Tax Level	Tax Category	Direct	Indirect	Induced	Total
Federal	Corporate Income Taxes	\$88.2	\$305.4	\$348.8	\$742.4
	Personal Income Taxes	\$780.0	\$642.5	\$653.1	\$2,075.5
	Excise Taxes	\$26.1	\$50.6	\$78.9	\$155.6
	Customs Duties	\$10.8	\$20.9	\$32.7	\$64.4
	Social Insurance Contributions	\$1,041.3	\$817.5	\$817.4	\$2,676.2
	Other	\$2.8	\$5.3	\$8.3	\$16.4
	Federal Total	\$1,949.2	\$1,842.2	\$1,939.1	\$5,730.5
State & Local	Corporate Income Taxes	\$12.7	\$43.9	\$50.1	\$106.7
	Personal Income Taxes	\$207.7	\$171.1	\$173.9	\$552.8
	Property Taxes	\$136.4	\$264.0	\$411.8	\$812.3
	Sales Taxes	\$153.2	\$296.4	\$462.3	\$911.8
	Social Insurance Contributions	\$17.5	\$13.3	\$13.2	\$44.0
	Other	\$92.2	\$110.2	\$142.6	\$345.0
	State & Local Total	\$619.7	\$898.9	\$1,253.9	\$2,772.5
Federal, State & Local Total		\$2,568.8	\$2,741.1	\$3,193.0	\$8,503.0

Source: Calculations using the IMPLAN modeling system (2013 database).

B. State Impacts

State-level IMPLAN models were used to estimate the shipbuilding and repairing industry's state-by-state impacts. The study also estimates interstate spillover effects (i.e., indirect and induced impacts in a given state resulting from direct shipbuilding and repair activities in another state). As noted above, the state-level estimates only include the industry's operation impacts and do not include capital investment impacts.

The operations of the shipbuilding and repairing industry directly provided employment in 37 states in 2013. The five states with the largest direct employment impacts are Virginia, Mississippi, Louisiana, Connecticut, and California (see **Table 8**, below). Operations in these states represented approximately 63 percent of total industry operations in 2013.

Table 8. Direct Impact of the U.S. Shipbuilding and Repairing Industry, by State, 2013

State	Direct Employment ^a		Direct Labor Income ^b		Direct GDP	
	Amount	Percent of U.S. Total	(\$ millions)	Percent of U.S. Total	(\$ millions)	Percent of U.S. Total
Alabama	5,590	5.1%	\$370	4.0%	\$416	3.9%
Alaska	360	0.3%	\$35	0.4%	\$36	0.3%
Arizona	-	0.0%	\$0	0.0%	\$0	0.0%
Arkansas	90	0.1%	\$6	0.1%	\$7	0.1%
California	7,190	6.5%	\$618	6.7%	\$724	6.8%
Colorado	-	0.0%	\$0	0.0%	\$0	0.0%
Connecticut	9,030	8.2%	\$975	10.6%	\$1,087	10.2%
Delaware	10	0.0%	\$1	0.0%	\$1	0.0%
District of Columbia	-	0.0%	\$0	0.0%	\$0	0.0%
Florida	4,890	4.4%	\$320	3.5%	\$385	3.6%
Georgia	100	0.1%	\$6	0.1%	\$7	0.1%
Hawaii	780	0.7%	\$118	1.3%	\$130	1.2%
Idaho	30	0.0%	\$3	0.0%	\$4	0.0%
Illinois	400	0.4%	\$32	0.4%	\$39	0.4%
Indiana	1,010	0.9%	\$62	0.7%	\$74	0.7%
Iowa	*	0.0%	\$1	0.0%	\$1	0.0%
Kansas	-	0.0%	\$0	0.0%	\$0	0.0%
Kentucky	990	0.9%	\$56	0.6%	\$62	0.6%
Louisiana	12,230	11.1%	\$909	9.9%	\$1,096	10.3%
Maine	5,770	5.2%	\$497	5.4%	\$599	5.6%
Maryland	440	0.4%	\$32	0.3%	\$36	0.3%
Massachusetts	350	0.3%	\$35	0.4%	\$40	0.4%
Michigan	120	0.1%	\$9	0.1%	\$10	0.1%
Minnesota	-	0.0%	\$0	0.0%	\$0	0.0%
Mississippi	12,720	11.5%	\$1,227	13.4%	\$992	9.3%
Missouri	840	0.8%	\$43	0.5%	\$48	0.5%
Montana	-	0.0%	\$0	0.0%	\$0	0.0%
Nebraska	-	0.0%	\$0	0.0%	\$0	0.0%
Nevada	-	0.0%	\$0	0.0%	\$0	0.0%
New Hampshire	60	0.1%	\$3	0.0%	\$3	0.0%
New Jersey	530	0.5%	\$40	0.4%	\$48	0.4%
New Mexico	-	0.0%	\$0	0.0%	\$0	0.0%
New York	610	0.6%	\$77	0.8%	\$88	0.8%
North Carolina	70	0.1%	\$5	0.1%	\$7	0.1%
North Dakota	-	0.0%	\$0	0.0%	\$0	0.0%
Ohio	480	0.4%	\$22	0.2%	\$33	0.3%
Oklahoma	-	0.0%	\$0	0.0%	\$0	0.0%
Oregon	1,210	1.1%	\$119	1.3%	\$124	1.2%
Pennsylvania	1,380	1.3%	\$104	1.1%	\$120	1.1%
Rhode Island	2,290	2.1%	\$236	2.6%	\$231	2.2%
South Carolina	830	0.7%	\$58	0.6%	\$65	0.6%
South Dakota	-	0.0%	\$0	0.0%	\$0	0.0%
Tennessee	580	0.5%	\$55	0.6%	\$63	0.6%
Texas	6,060	5.5%	\$410	4.5%	\$482	4.5%
Utah	20	0.0%	\$5	0.1%	\$5	0.0%
Vermont	-	0.0%	\$0	0.0%	\$0	0.0%
Virginia	28,210	25.6%	\$2,310	25.2%	\$3,158	29.5%
Washington	3,060	2.8%	\$243	2.6%	\$301	2.8%
West Virginia	*	0.0%	\$1	0.0%	\$1	0.0%
Wisconsin	2,090	1.9%	\$139	1.5%	\$166	1.6%
Wyoming	-	0.0%	\$0	0.0%	\$0	0.0%
U.S. Total	110,390	100%	\$9,180	100%	\$10,689	100%

Source: Calculations using the IMPLAN modeling system (2013 database).

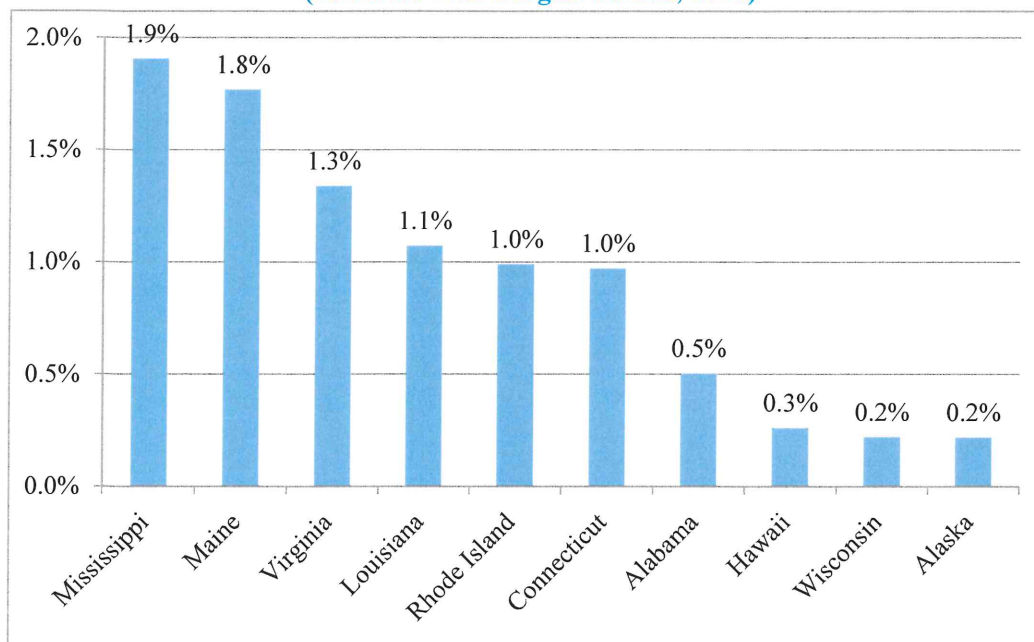
Note: Details may not add to totals due to rounding * indicates less than 5 jobs.

^a Employment is defined as the number of payroll and self-employed jobs, including part-time jobs.

^b Labor income is defined as wages and salaries and benefits as well as proprietors' income.

In six states the total direct, indirect, and induced economic activity associated with the shipbuilding and repairing industry amounts round to 1 percent or more of total state employment (see **Figure 9**, below).

**Figure 9. Shipbuilding and Repairing Industry Employment / Total State Employment
(10 States with Largest Shares, 2013)**

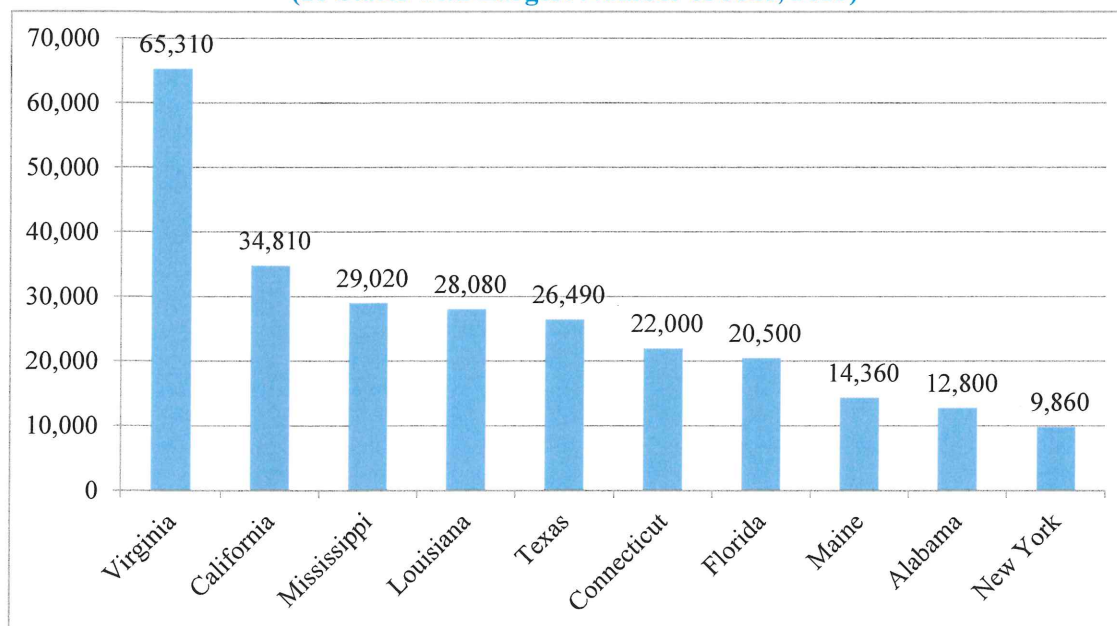


Source: Calculations using the IMPLAN modeling system (2013 database).

In terms of the total number of direct, indirect, and induced jobs, employment associated with the operations of the shipbuilding and repairing industry is highest in Virginia, California, Mississippi, Louisiana, Texas, Connecticut, and Florida (see **Figure 10** and **Table 9**, below).

Additional detail is provided in **Appendix A**.

**Figure 10. Total Direct, Indirect, and Induced Employment
Associated with the U.S. Shipbuilding and Repairing Industry's Operations
(10 States with Largest Number of Jobs, 2013)**



Source: Calculations using the IMPLAN modeling system (2013 database).

Table 9. Total Direct, Indirect, and Induced Economic Activities Associated with the U.S. Shipbuilding and Repairing Industry's Operations, 2013

State	Employment ^a		Labor Income ^b		GDP	
	Amount	Percent of State Total	(\$ millions)	Percent of State Total	(\$ millions)	Percent of State Total
Alabama	12,800	0.5%	\$683	0.6%	\$953	0.5%
Alaska	1,070	0.2%	\$79	0.2%	\$122	0.2%
Arizona	2,660	0.1%	\$142	0.1%	\$242	0.1%
Arkansas	1,450	0.1%	\$72	0.1%	\$132	0.1%
California	34,810	0.2%	\$2,389	0.2%	\$3,674	0.2%
Colorado	2,550	0.1%	\$153	0.1%	\$250	0.1%
Connecticut	22,000	1.0%	\$1,800	1.2%	\$2,439	1.0%
Delaware	400	0.1%	\$26	0.1%	\$56	0.1%
District of Columbia	520	0.1%	\$52	0.1%	\$74	0.1%
Florida	20,500	0.2%	\$1,053	0.2%	\$1,586	0.2%
Georgia	4,450	0.1%	\$241	0.1%	\$410	0.1%
Hawaii	2,460	0.3%	\$205	0.4%	\$274	0.3%
Idaho	780	0.1%	\$37	0.1%	\$62	0.1%
Illinois	7,080	0.1%	\$457	0.1%	\$737	0.1%
Indiana	4,850	0.1%	\$272	0.1%	\$446	0.1%
Iowa	1,660	0.1%	\$93	0.1%	\$152	0.1%
Kansas	1,430	0.1%	\$77	0.1%	\$124	0.1%
Kentucky	3,890	0.2%	\$196	0.2%	\$295	0.2%
Louisiana	28,080	1.1%	\$1,618	1.2%	\$2,321	0.9%
Maine	14,360	1.8%	\$867	2.4%	\$1,185	2.1%
Maryland	3,310	0.1%	\$206	0.1%	\$327	0.1%
Massachusetts	4,090	0.1%	\$307	0.1%	\$468	0.1%
Michigan	4,720	0.1%	\$263	0.1%	\$420	0.1%
Minnesota	2,970	0.1%	\$183	0.1%	\$287	0.1%
Mississippi	29,020	1.9%	\$1,848	2.8%	\$2,016	1.9%
Missouri	4,640	0.1%	\$235	0.1%	\$368	0.1%
Montana	450	0.1%	\$19	0.1%	\$33	0.1%
Nebraska	960	0.1%	\$53	0.1%	\$92	0.1%
Nevada	1,350	0.1%	\$70	0.1%	\$121	0.1%
New Hampshire	830	0.1%	\$48	0.1%	\$72	0.1%
New Jersey	4,870	0.1%	\$341	0.1%	\$536	0.1%
New Mexico	740	0.1%	\$36	0.1%	\$69	0.1%
New York	9,860	0.1%	\$793	0.1%	\$1,255	0.1%
North Carolina	4,330	0.1%	\$236	0.1%	\$434	0.1%
North Dakota	420	0.1%	\$25	0.1%	\$43	0.1%
Ohio	6,600	0.1%	\$365	0.1%	\$617	0.1%
Oklahoma	1,750	0.1%	\$98	0.1%	\$161	0.1%
Oregon	4,900	0.2%	\$309	0.3%	\$537	0.3%
Pennsylvania	9,210	0.1%	\$567	0.1%	\$873	0.1%
Rhode Island	5,970	1.0%	\$431	1.3%	\$553	1.0%
South Carolina	3,780	0.2%	\$196	0.2%	\$297	0.2%
South Dakota	440	0.1%	\$22	0.1%	\$39	0.1%
Tennessee	4,440	0.1%	\$257	0.1%	\$388	0.1%
Texas	26,490	0.2%	\$1,596	0.2%	\$2,603	0.2%
Utah	1,410	0.1%	\$75	0.1%	\$139	0.1%
Vermont	320	0.1%	\$16	0.1%	\$25	0.1%
Virginia	65,310	1.3%	\$4,304	1.5%	\$6,405	1.4%
Washington	7,900	0.2%	\$538	0.2%	\$800	0.2%
West Virginia	690	0.1%	\$35	0.1%	\$61	0.1%
Wisconsin	7,850	0.2%	\$434	0.2%	\$631	0.2%
Wyoming	280	0.1%	\$15	0.1%	\$37	0.1%
U.S. Total	387,710	0.2%	\$24,431	0.2%	\$36,240	0.2%

Source: Calculations using the IMPLAN modeling system (2013 database).

Note: Details may not add to totals due to rounding

^a Employment is defined as the number of payroll and self-employed jobs, including part-time jobs.

^b Labor income is defined as wages and salaries and benefits as well as proprietors' income.

Appendices

Appendix A: Economic Impact Breakdown: State Level Detail

Tables A1, A2, and A3 provide the state-by-state breakout of the direct, indirect, and induced impacts associated with the operations of the U.S. shipbuilding and repairing industry. These results do not include the additional indirect and induced economic impact resulting from the industry's capital expenditures.

Table A1. Employment Associated with the U.S. Shipbuilding and Repairing Industry's Operations, 2013

State	Direct Employment	Indirect Employment	Induced Employment	Total Contribution	Total State Percentage
Alabama	5,590	4,030	3,180	12,800	0.5%
Alaska	360	310	410	1,070	0.2%
Arizona	-	1,080	1,580	2,660	0.1%
Arkansas	90	610	750	1,450	0.1%
California	7,190	12,080	15,550	34,810	0.2%
Colorado	-	1,040	1,520	2,550	0.1%
Connecticut	9,030	5,140	7,820	22,000	1.0%
Delaware	10	140	250	400	0.1%
District of Columbia	-	190	330	520	0.1%
Florida	4,890	6,890	8,720	20,500	0.2%
Georgia	100	1,760	2,600	4,450	0.1%
Hawaii	780	730	950	2,460	0.3%
Idaho	30	300	450	780	0.1%
Illinois	400	2,920	3,760	7,080	0.1%
Indiana	1,010	2,120	1,720	4,850	0.1%
Iowa	*	680	970	1,660	0.1%
Kansas	-	580	850	1,430	0.1%
Kentucky	990	1,320	1,590	3,890	0.2%
Louisiana	12,230	7,310	8,540	28,080	1.1%
Maine	5,770	3,460	5,120	14,360	1.8%
Maryland	440	1,120	1,750	3,310	0.1%
Massachusetts	350	1,500	2,240	4,090	0.1%
Michigan	120	2,060	2,550	4,720	0.1%
Minnesota	-	1,260	1,710	2,970	0.1%
Mississippi	12,720	7,080	9,220	29,020	1.9%
Missouri	840	1,650	2,160	4,640	0.1%
Montana	-	150	300	450	0.1%
Nebraska	-	360	600	960	0.1%
Nevada	-	540	810	1,350	0.1%
New Hampshire	60	340	430	830	0.1%
New Jersey	530	1,830	2,510	4,870	0.1%
New Mexico	-	270	470	740	0.1%
New York	610	3,650	5,610	9,860	0.1%
North Carolina	70	1,780	2,490	4,330	0.1%
North Dakota	-	150	260	420	0.1%
Ohio	480	2,770	3,340	6,600	0.1%
Oklahoma	-	750	1,010	1,750	0.1%
Oregon	1,210	1,580	2,110	4,900	0.2%
Pennsylvania	1,380	3,370	4,460	9,210	0.1%
Rhode Island	2,290	1,430	2,250	5,970	1.0%
South Carolina	830	1,340	1,610	3,780	0.2%
South Dakota	-	160	280	440	0.1%
Tennessee	580	1,660	2,200	4,440	0.1%
Texas	6,060	9,260	11,170	26,490	0.2%
Utah	20	580	810	1,410	0.1%
Vermont	-	120	200	320	0.1%
Virginia	28,210	16,160	20,940	65,310	1.3%
Washington	3,060	2,850	1,990	7,900	0.2%
West Virginia	*	270	420	690	0.1%
Wisconsin	2,090	2,720	3,040	7,850	0.2%
Wyoming	-	100	170	280	0.1%
U.S. Total	110,390	121,550	155,770	387,710	0.2%

Source: Calculations using the IMPLAN modeling system (2013 database).

Note: Details may not add to totals due to rounding. An * indicates less than 5 jobs.

Employment is defined as the number of payroll and self-employed jobs, including part-time jobs.

Table A2. Labor Income Associated with the U.S. Shipbuilding and Repairing Industry's Operations, in \$ Millions, 2013

State	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Contribution	Total State Percentage
Alabama	\$370.2	\$185.0	\$127.7	\$683.0	0.6%
Alaska	\$34.5	\$21.9	\$22.6	\$79.0	0.2%
Arizona	\$0.0	\$67.2	\$74.6	\$141.8	0.1%
Arkansas	\$5.6	\$33.9	\$32.2	\$71.6	0.1%
California	\$618.0	\$899.7	\$871.1	\$2,388.7	0.2%
Colorado	\$0.0	\$73.3	\$79.3	\$152.6	0.1%
Connecticut	\$974.9	\$382.4	\$442.5	\$1,799.8	1.2%
Delaware	\$0.7	\$11.0	\$14.5	\$26.2	0.1%
District of Columbia	\$0.0	\$21.5	\$30.4	\$51.9	0.1%
Florida	\$319.6	\$353.4	\$380.0	\$1,053.0	0.2%
Georgia	\$5.8	\$106.6	\$128.3	\$240.7	0.1%
Hawaii	\$117.7	\$41.9	\$45.0	\$204.6	0.4%
Idaho	\$2.6	\$15.7	\$18.7	\$37.0	0.1%
Illinois	\$32.2	\$213.0	\$212.1	\$457.2	0.1%
Indiana	\$61.8	\$129.1	\$81.6	\$272.4	0.1%
Iowa	\$0.7	\$43.7	\$48.4	\$92.7	0.1%
Kansas	\$0.0	\$35.8	\$41.1	\$76.8	0.1%
Kentucky	\$56.3	\$71.8	\$68.0	\$196.1	0.2%
Louisiana	\$909.4	\$352.4	\$356.5	\$1,618.3	1.2%
Maine	\$496.7	\$158.7	\$211.5	\$867.0	2.4%
Maryland	\$31.5	\$79.3	\$95.2	\$206.0	0.1%
Massachusetts	\$35.1	\$131.0	\$140.9	\$307.0	0.1%
Michigan	\$9.2	\$132.9	\$120.6	\$262.7	0.1%
Minnesota	\$0.0	\$90.5	\$92.7	\$183.2	0.1%
Mississippi	\$1,227.5	\$279.7	\$340.8	\$1,848.0	2.8%
Missouri	\$42.5	\$94.2	\$98.4	\$235.2	0.1%
Montana	\$0.0	\$7.3	\$11.8	\$19.2	0.1%
Nebraska	\$0.0	\$22.3	\$31.0	\$53.3	0.1%
Nevada	\$0.0	\$31.2	\$38.9	\$70.0	0.1%
New Hampshire	\$3.3	\$23.3	\$21.7	\$48.3	0.1%
New Jersey	\$40.4	\$145.0	\$155.4	\$340.9	0.1%
New Mexico	\$0.0	\$15.3	\$20.3	\$35.5	0.1%
New York	\$77.0	\$328.7	\$386.9	\$792.5	0.1%
North Carolina	\$5.4	\$111.4	\$119.1	\$235.9	0.1%
North Dakota	\$0.0	\$10.3	\$15.2	\$25.5	0.1%
Ohio	\$22.0	\$178.9	\$163.5	\$364.5	0.1%
Oklahoma	\$0.0	\$48.2	\$49.4	\$97.6	0.1%
Oregon	\$119.1	\$95.9	\$93.7	\$308.7	0.3%
Pennsylvania	\$104.4	\$228.0	\$234.9	\$567.3	0.1%
Rhode Island	\$236.1	\$85.3	\$109.9	\$431.2	1.3%
South Carolina	\$57.5	\$71.6	\$67.4	\$196.5	0.2%
South Dakota	\$0.0	\$8.7	\$13.6	\$22.3	0.1%
Tennessee	\$54.5	\$95.5	\$106.9	\$256.9	0.1%
Texas	\$410.3	\$608.7	\$576.7	\$1,595.6	0.2%
Utah	\$5.3	\$33.8	\$35.7	\$74.8	0.1%
Vermont	\$0.0	\$7.2	\$8.5	\$15.8	0.1%
Virginia	\$2,310.5	\$1,016.2	\$977.3	\$4,304.0	1.5%
Washington	\$242.7	\$185.3	\$109.5	\$537.6	0.2%
West Virginia	\$0.5	\$16.1	\$18.3	\$35.0	0.1%
Wisconsin	\$139.0	\$156.8	\$138.5	\$434.2	0.2%
Wyoming	\$0.0	\$6.8	\$8.4	\$15.3	0.1%
U.S. Total	\$9,180.3	\$7,563.7	\$7,687.2	\$24,431.2	0.2%

Source: Calculations using the IMPLAN modeling system (2013 database).

Note: Details may not add to totals due to rounding

Labor income is defined as wages and salaries and benefits as well as proprietors' income.

**Table A3. GDP Associated with U.S. Shipbuilding and Repairing Industry's Operations,
in \$ Millions, 2013**

State	Direct GDP	Indirect GDP	Induced GDP	Total GDP	Total State Percentage
Alabama	\$416.5	\$304.5	\$231.7	\$952.6	0.5%
Alaska	\$36.3	\$41.1	\$44.5	\$122.0	0.2%
Arizona	\$0.0	\$112.4	\$129.8	\$242.2	0.1%
Arkansas	\$6.7	\$64.4	\$60.6	\$131.7	0.1%
California	\$723.9	\$1,443.5	\$1,506.8	\$3,674.3	0.2%
Colorado	\$0.0	\$116.4	\$134.0	\$250.4	0.1%
Connecticut	\$1,087.1	\$598.5	\$753.4	\$2,439.0	1.0%
Delaware	\$0.8	\$22.9	\$32.1	\$55.8	0.1%
District of Columbia	\$0.0	\$29.0	\$44.6	\$73.6	0.1%
Florida	\$385.1	\$553.3	\$647.4	\$1,585.8	0.2%
Georgia	\$7.4	\$179.5	\$223.4	\$410.3	0.1%
Hawaii	\$130.2	\$65.7	\$78.3	\$274.3	0.3%
Idaho	\$3.8	\$27.9	\$30.7	\$62.4	0.1%
Illinois	\$39.0	\$339.5	\$358.4	\$736.9	0.1%
Indiana	\$73.5	\$218.3	\$154.3	\$446.1	0.1%
Iowa	\$0.6	\$67.5	\$84.4	\$152.5	0.1%
Kansas	\$0.0	\$54.8	\$69.0	\$123.8	0.1%
Kentucky	\$61.8	\$114.8	\$118.9	\$295.5	0.2%
Louisiana	\$1,096.1	\$582.2	\$642.6	\$2,320.9	0.9%
Maine	\$598.7	\$230.2	\$355.8	\$1,184.7	2.1%
Maryland	\$35.9	\$126.7	\$164.2	\$326.7	0.1%
Massachusetts	\$40.4	\$205.8	\$222.3	\$468.5	0.1%
Michigan	\$9.9	\$204.6	\$205.6	\$420.1	0.1%
Minnesota	\$0.0	\$139.4	\$147.8	\$287.3	0.1%
Mississippi	\$992.2	\$429.5	\$593.9	\$2,015.6	1.9%
Missouri	\$48.3	\$150.4	\$169.5	\$368.2	0.1%
Montana	\$0.0	\$12.8	\$20.3	\$33.1	0.1%
Nebraska	\$0.0	\$38.3	\$53.2	\$91.5	0.1%
Nevada	\$0.0	\$51.4	\$69.4	\$120.7	0.1%
New Hampshire	\$3.5	\$34.0	\$34.9	\$72.5	0.1%
New Jersey	\$48.0	\$226.1	\$261.5	\$535.6	0.1%
New Mexico	\$0.0	\$31.1	\$37.8	\$68.9	0.1%
New York	\$87.7	\$513.1	\$653.8	\$1,254.6	0.1%
North Carolina	\$6.8	\$202.2	\$224.6	\$433.6	0.1%
North Dakota	\$0.0	\$18.9	\$24.5	\$43.4	0.1%
Ohio	\$33.1	\$294.6	\$289.1	\$616.8	0.1%
Oklahoma	\$0.0	\$78.2	\$83.0	\$161.2	0.1%
Oregon	\$123.9	\$251.3	\$161.9	\$537.2	0.3%
Pennsylvania	\$119.6	\$366.3	\$386.7	\$872.6	0.1%
Rhode Island	\$230.6	\$131.0	\$191.0	\$552.6	1.0%
South Carolina	\$65.1	\$115.0	\$117.0	\$297.1	0.2%
South Dakota	\$0.0	\$15.6	\$23.3	\$38.9	0.1%
Tennessee	\$63.4	\$152.3	\$172.5	\$388.2	0.1%
Texas	\$481.9	\$1,088.2	\$1,032.5	\$2,602.6	0.2%
Utah	\$4.6	\$69.1	\$65.3	\$139.0	0.1%
Vermont	\$0.0	\$10.8	\$14.1	\$24.8	0.1%
Virginia	\$3,158.4	\$1,534.1	\$1,712.2	\$6,404.7	1.4%
Washington	\$301.0	\$302.2	\$196.3	\$799.5	0.2%
West Virginia	\$0.5	\$27.8	\$32.8	\$61.1	0.1%
Wisconsin	\$166.1	\$231.5	\$233.3	\$630.9	0.2%
Wyoming	\$0.0	\$17.6	\$19.8	\$37.4	0.1%
U.S. Total	\$10,688.6	\$12,236.4	\$13,314.7	\$36,239.7	0.2%

Source: Calculations using the IMPLAN modeling system (2013 database).

Note: Details may not add to totals due to rounding

Appendix B: Data Sources and Methodology

This Appendix describes the methodology used to derive the results for the study. It first discusses the data sources used to develop the estimates of the shipbuilding and repairing industry's direct economic impacts. It then describes the development of the indirect and induced impact estimates for the industry.

I. Estimates of the Industry's Direct Economic Impacts

The definition of the U.S. shipbuilding and repairing industry is based on the *North American Industry Classification System* (NAICS) and combines NAICS sector 336611 ("Shipbuilding and repairing") and a portion of NAICS sector 488390 ("Other support activities for water transportation"). Among other activities, NAICS sector 488390 includes routine repair and maintenance of ships from floating drydocks, as well as related activities not done in a shipyard.

This study uses data on employment and self-employment from the U.S. Bureau of Labor Statistics (BLS) and Bureau of Economic Analysis (BEA) to estimate direct employment in NAICS sectors 336611 and 488390. In particular, direct employment was estimated by combining counts of payroll employees from the BLS' *Quarterly Census of Employment* with estimates of self-employment based on data from the BEA. For some states, the count of payroll employees was suppressed because of the small number of establishments in the industry in the state. Relying on employment counts available for the sector at the national-level and for higher-level industries at the state-level, a two-stage "raking" process was used to estimate the state-level employee count. The raking process uses information from known sectors within a state and across states to impute information for the sectors with suppressed data.¹⁴ Because the BEA data are only available for more aggregated industries, self-employment was first estimated for the aggregated industries and then allocated across the subsectors according to each industry's share of paid employment.

Direct employment was separately estimated for the US as a whole and for each of the 50 states and the District of Columbia. The state-level estimates were then scaled to match the national level estimates.

As noted above, only a portion of NAICS sector 488390 is part of the shipbuilding and repairing industry. Based on data from the 2012 Economic Census, it is estimated that approximately 84.2 percent of the employment in NAICS sector 488390 is for routine repair and maintenance of ships not conducted at a shipyard. As such, the initial estimates of employment in NAICS sector 488390 (based on the BLS and BEA data) were multiplied by 84.2% to derive our final estimates of direct employment.

A similar approach was used to estimate the national direct labor income associated with the industry's direct employment. The IMPLAN model was used to estimate the industry's direct GDP at the national and state levels. The state-level direct labor income was first estimated using the IMPLAN state models, and then controlled to the national direct labor income estimate.

Estimates of the U.S. shipbuilding and repairing industry's new capital investment in 2013 were developed using data from the Census Bureau's *Annual Capital Expenditure Survey* and the 2012 *Economic Census*. In particular, expenditures on new capital for "other transportation equipment manufacturing" (comprised of NAICS sectors 3365, 3366, and 3369) were obtained from the 2013

¹⁴ Oh, H.L. and Scheuren, F. (1987). Modified Raking Ratio Estimation. *Survey Methodology*, vol. 13, no. 2, pp. 209-219.

Annual Capital Expenditure Survey database. The ratio of total capital spending in shipbuilding and repairing (NAICS sector 336611) to other transportation equipment manufacturing from the 2012 *Economic Census* was used to estimate the portion of new capital investment in other transportation equipment manufacturing that is attributable to shipbuilding and repairing.

The U.S. shipbuilding and repairing industry's capital investment was translated into purchases of capital assets by type through use of the "capital flow matrix" from the U.S. Department of Commerce.¹⁵

II. Estimates of Indirect and Induced Economic Activities

The initial round of output, income, and employment generated by shipbuilding and repairing leads to successive rounds of re-spending in the chain of production. Such indirect and induced economic impacts by the shipbuilding and repairing industry can be measured using various approaches. The most common is multiplier analysis. In broad terms, a multiplier is an index that indicates the overall change in the level of economic activity that results from a given initial change. It effectively adds up all the successive rounds of re-spending, based on a number of assumptions that are embedded in the method of estimation.

There are different methods available for calculating multipliers. The method used in this report is *input-output* analysis. It is the most commonly used approach in regional economic impact studies. The input-output model developed by IMPLAN is one of the best known input-output models for regional economic studies in the United States and is widely used by government, academics and private-sector researchers. The IMPLAN modeling system is similar to the Regional Input-Output Modeling System developed by the U.S. Department of Commerce. The system has been in use since 1979.

The IMPLAN database represents a consistent set of economic data processed from various published sources (such as the Bureau of Economic Analysis's *National Income and Product Accounts* (NIPA) and *Regional Economic Information System* (REIS), the Census Bureau's *County Business Patterns* (CBP), and the Bureau of Labor Statistics' *Covered Employee and Wages Program* (CEW) in a variety of formats and under varying disclosure restrictions.

Estimates of indirect and induced economic impacts by the U.S. shipbuilding and repairing industry were derived based on the IMPLAN model for the national economy and its regional models for each of the 50 states and the District of Columbia.

IMPLAN uses an "input-output" framework that relates the output of each industry to inputs purchased from other industries. Output in one industry requires purchases of inputs from other industries, and these supply industries in turn make purchases from their suppliers, and so on. Employees and business owners make personal purchases out of the income that is generated by this process, which ripple through the economy. Multipliers describe these relationships. The Type I multiplier measures the direct and indirect effects of a change in economic activity. It captures the inter-industry effects only, i.e., industries buying from local industries. The Type II (Social Accounting Matrix or SAM) multiplier captures the direct and indirect effects and, in addition, it also reflects induced effects. The indirect and induced impacts of the shipbuilding and repairing industry

¹⁵ <http://www.bea.gov/newsreleases/industry/capflow/capitalflownewsrelease.htm>

on other sectors of the economy in terms of employment, labor income (including wages and salaries and benefits as well as proprietors' income), and GDP were calculated using the IMPLAN model.¹⁶

Because individual state models do not account for cross-state impacts, the sum of the state indirect and induced impacts will not add to the national totals. The indirect and induced effects crossing state borders ("cross-state spillover effects") were allocated across the 50 states and the District of Columbia in proportion to each state's share of the total national employment, labor income, and GDP in each industry. The state indirect and induced effects reported throughout this study include such allocation of the cross-state spillover effects.

¹⁶ Because the IMPLAN models are used for total impact analysis (as opposed to marginal impact analysis) in this study, necessary adjustments are made to the initial indirect and induced impact estimates to prevent double-counting. For instance, any indirect or induced effects from the initial estimates for IMPLAN sectors that are fully mapped to the shipbuilding and repairing industry are removed. Similarly, indirect and induced effects for IMPLAN sectors that are partially mapped to the shipbuilding and repairing industry are proportionately adjusted.

Appendix C: Description of IMPLAN Model

IMPLAN is a well known modeling system developed by IMPLAN Group LLC for estimating economic impacts and is similar to the Regional Input-Output Modeling System developed by the U.S. Department of Commerce. The model is primarily based on government data sources. It can address a wide range of impact topics in a given region (county, state, or the country as a whole). IMPLAN is built around an “input-output” table that relates the purchases that each industry has made from other industries to the value of the output of each industry. To meet the demand for goods and services from an industry, purchases are made in other industries according to the patterns recorded in the input-output table. These purchases in turn spark still more purchases by the industry's suppliers, and so on. Meanwhile, employees and business owners make personal purchases out of the additional income that is generated by this process, further increasing demand that ripples through the economy. Multipliers describe these iterations. The Type I multiplier measures the direct and indirect effects of a change in economic activity. It captures the inter-industry effects only, i.e., industries buying from local industries. The Type II (Social Accounting Matrix or SAM) multiplier captures the direct and indirect effects. In addition, it also reflects induced effects (i.e., changes in spending from households as income increases or decreases due to the changes in production).

More information on IMPLAN is available at www.implan.com.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. What is the location of the public infrastructure? (Provide the road number, if applicable.)

Immediately north of the western terminal end of Howard Road in Port St Joe.

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Who is responsible for maintenance and upkeep? (Indicate if more than one are applicable.)

The drydock tenant, Eastern Shipbuilding Group, will be responsible for the maintenance and upkeep of the floating dry dock.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. What permits are necessary for the infrastructure project?

ACOE/FDEP dredging permit, FDEP stormwater permit and City of Port St Joe development order for site improvements.

(If additional space is needed, please attach a Word document with your entire answer.)

Detail whether required permits have been secured, and if not, detail the timeline for securing these permits. Additionally, if any required permits are local permits, will these permits be prioritized?

All permits are expected to be issued prior to July 31, 2018.

(If additional space is needed, please attach a Word document with your entire answer.)

- F. What is the future land use and zoning designation on the proposed site of the Infrastructure improvement, and will the improvements conform to those uses?

Industrial. Improvements will conform to the existing zoning.

(If additional space is needed, please attach a Word document with your entire answer.)

- G. Will an amendment to the local comprehensive plan or a development order be required on the site of the proposed project or on adjacent property to accommodate the infrastructure and potential current or future job creation opportunities? If yes, please detail the timeline
☐ Yes ☒ No
-

(If additional space is needed, please attach a Word document with your entire answer.)

- H. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.
☐ Yes ☒ No
-

(If additional space is needed, please attach a Word document with your entire answer.)

- I. Provide any additional information or attachments to be considered for this proposal.
-
-

(If additional space is needed, please attach a Word document with your entire answer.)

NOT APPLICABLE

ADDENDUM FOR WORKFORCE TRAINING PROPOSALS

1. Program Requirements

- A. Will this proposal supports programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties? If yes, please identify where the campuses are located and provide details on how the proposed programs will prepare students for future occupations and at which K-20 institutions that programs will be provided.

☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Will the proposed program (check all that apply):

- ☐ Increase students' technology skills and knowledge
- ☐ Encourage industry certifications
- ☐ Provide rigorous, alternative pathways for students to meet high school graduation requirements
- ☐ Strengthen career readiness initiatives
- ☐ Fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors
- ☐ Encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties (similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission on Education)

For each item checked above, describe how the proposed program will achieve these goals

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Will this proposal provide participants in the disproportionately affected counties with transferable, sustainable workforce skills but not confined to a single employer? If yes, please provide details.

☐ Yes ☐ No

NOT APPLICABLE

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Identify the disproportionately affected counties where the proposed programs will operate or provide participants with workforce skills.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. Is this an expansion of an existing training program? Is yes, describe how the proposed program will enhance or improve the existing program and how the proposal program will supplements but not supplant existing funding sources.
- ☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Indicate how the training will be delivered (*e.g.*, classroom-based, computer based, other).
- If in-person, identify the location(s) (*e.g.*, city, campus, etc.) where the training will be available.

NOT APPLICABLE

If computer-based, identify the targeted location(s) (e.g., city, county) where the training will be available.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Identify the number of anticipated enrolled students and completers.

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Indicate the length of the program (e.g., quarters, semesters, weeks, months, etc.) including anticipated beginning and ending dates.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Describe the plan to support the sustainability of the proposed program.

(If additional space is needed, please attach a Word document with your entire answer.)

- F. Identify any certifications, degrees, etc. that will result from the completion of the program.

(If additional space is needed, please attach a Word document with your entire answer.)

NOT APPLICABLE

- G. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.
☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- H. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

NOT APPLICABLE

ADDENDUM FOR AD VALOREM TAX RATE REDUCTION:

1. Program Requirements

- A. Describe the property or transaction that will be supported by the ad valorem tax rate reduction.

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Provide a detailed explanation of how the ad valorem tax rate reduction will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide a detailed description of the quantitative evidence demonstrating how the proposed ad valorem tax reduction will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. What is the location of the property or transaction that will be supported by the ad valorem tax rate reduction?

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the property or transaction that will be supported by the ad valorem tax rate reduction and provide a detailed description of when and how the ad valorem tax rate reduction will be implemented.

NOT APPLICABLE

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Does this proposed project have a local match amount? If yes, please describe the entity providing the match and the amount.

☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

**ADDENDUM FOR LOCAL MATCH REQUIREMENTS OF SECTION 288.0655,
FLORIDA STATUTES**

1. Program Requirements

- A. Describe the local match requirements of Section 288.0655 and the underlying project, program or transaction that will be funded by the proposed award.

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Provide a detailed explanation of how the local match requirements and the underlying project or program will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide a detailed description of, and quantitative evidence demonstrating how the proposed local match requirements will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. What is the location of the property or transaction that will be supported by the local match requirements?

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the property or transaction that will be supported by the local match requirement and provide a detailed description of when and how the local match requirement will be implemented.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

NOT APPLICABLE

ADDENDUM FOR LOCAL ACTION PLAN

1. Program Requirements

- A. Describe how the proposed award will establish and maintain equipment and trained personnel for local action plans of response to respond to disasters.
- B. Describe the type and amount of equipment and trained personnel that will be established or maintained by the proposed award.
- C. Identify the specific local action plans (*e.g.*, Coastal Impacts Assistance Program) that will benefit from the proposed award.
- D. Provide a detailed explanation of how the proposed award will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of the quantitative evidence demonstrating how the proposed will promote:
 - Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. What is the location of the local action program that will be supported by the proposed award?

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the local action plans (*e.g.*, new plans, existing plans, etc.) that will be supported by the proposed award and provide a detailed description of when and how the proposed award will be implemented.

NOT APPLICABLE

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

NOT APPLICABLE

ADDENDUM FOR ADVERTISING/PROMOTION

1. Program Requirements

- A. Is the applicant a tourism entity created under s. 288.1226, Florida Statutes?
☐ Yes ☐ No
- B. Does the applicant advertise and promote tourism and Fresh From Florida? If yes, provide details on how it advertises and promotes tourism and Fresh From Florida.
☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Does the proposed award promote workforce and infrastructure on behalf of the disproportionately affected counties? If yes, describe how workforce and infrastructure is promoted on behalf of the disproportionately affected counties.
☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Provide a detailed explanation of how the proposed award will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of the quantitative evidence demonstrating how the proposed will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

NOT APPLICABLE

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. Describe the advertising and promotion mediums and locations where the advertising and promotion will occur.

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the advertising and promotion (*e.g.*, new plans, existing plans, etc.) that will be supported by the proposed award and provide a detailed description of when and how the proposed award will be implemented.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

I, the undersigned, do hereby certify that I have express authority to sign this proposal on my behalf or on behalf of the above-described entity, organization, or governmental entity:

Name of Applicants: Gulf County Board of County Commissioners/ Port St. Joe Port Authority

Name and Title of Authorized Representative: Warren Yeager, Director, Gulf County EDA

Representative Signature: Warren Yeager

Signature Date: 5/31/18

Name and Title of Authorized Representative: Guerry Magidson, Port St. Joe Port Authority

Representative Signature: Guerry Magidson

Signature Date: 5/21/18