

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: Eastern Shipbuilding Group, Inc.

Background of Applicant Individual/Entity/Organization: Please see attached
(If additional space is needed, please attach a Word document with your entire answer.)

Federal Employer Identification Number: 59-3393650

Contact Information:

Primary Contact Information: William G. Harrison, Jr., Esq.

Title: Counsel

Mailing Address: 101 Harrison Avenue, Panama City, FL 32401

Phone: 850-769-7714

Email: wharrison@harrisonrivard.com

Website: http://www.easternshipbuilding.com

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.

FL. Dept. Of Transportation; Bay County Commission; Gulf County Commission;
City of Panama City; United States Maritime Administration. See attached for additional details.

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

Total amount of funding requested from Triumph Gulf Coast: \$20,000,000.00

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

☒ Yes

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.

Please see attached

(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: Eastern is

available to demonstrate its financial status to a qualified agent of the Triumph Board of Directors in a confidential setting. Eastern is not willing to make its financial statements a matter of public record.

(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?

☒ No

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

Not Applicable

(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.

Please See attached

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;
(X)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.

- Please see Attached.

[illegible]

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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.

Please see Attached

(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.

Please see attached

(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.

Please see attached

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

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.)

Please see attached.

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

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

Please see attached

(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.

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.

Please see attached. Please also see the Economic Impact Study Report from the Haas Center a copy of which is enclosed with this application.

(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.

Please see attached.

(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)

Bay

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

If yes, list all Counties that apply: Bay County Gulf County

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

**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.?
No special approvals are required. The applicant has full authority to sign an agreement.
(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.
- Not Applicable
- (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.
Please see attached under caption "**Funding and Budget-Project/Program Budget Narrative**"
-
- (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.

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.
\$20,000,000.00: expended approximately during 2018 through the first quarter of 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.)
Approximately 29%

(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.
Please see attached

(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
Please see attached

(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: Construction \$ 21,100,000
 Reconstruction \$ 8,150,000
 Dredging \$ 27,000,000
Example Costs (Note: Not exhaustive list of possible Cost categories.)
 Construction \$ _____
 Reconstruction \$ _____
 Design, Engineering,
 and Proposal Development \$ 5,500,000
 Land Acquisition \$ 1,075,000
 Land Improvement \$ _____
 Equipment \$ 5,600,000
 Supplies \$ _____
 Salaries \$ _____

Other (specify) \$ _____

Total Project Costs: \$68,425,000

B. Other Project Funding Sources: \$48,425,000

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

City/County \$10,000,000

State Legislature \$15,500,000

US Maritime Administration \$ 530,000

Private Sources \$22,395,000

Total Other Funding \$48,425,000

Total Amount Requested: \$ 20,000,000

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.

Please see attached

(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

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

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

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

☒ Yes

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

1. Program Requirements

Please see Attached

- 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.

(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:
- 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 project an expansion of existing infrastructure project?
☐ Yes
- B. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project. Initial phases of the project commenced in early 2018 and earlier. Some phases of the project will be completed in 2018 and others over the several years that follow. Please see attached under caption "Funding and Budget-Project/Program Budget Narrative".

(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.)
Bayou The Project location is 2200 Nelson St, Panama City, FL. and nearby Watson
-

(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.)
Eastern Shipbuilding Group, Inc.
-

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

- E. What permits are necessary for the infrastructure project?
Local building permits. Dredging permits from FL Department of Environmental Protection and US Army Corps of Engineers
-

(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 have been applied for and are expected to be issued as needed by the Project Schedule. State permits are expected to be granted in June/July, 2018 and federal permits are expected by January 2019.

(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?
The current zoning is Industrial and the project will conform
-

(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.

☒ 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

Funding Please see attached under caption “**Funding and Budget-** Supplement to Existing

(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.

Please see enclosed Haas Center Economic Impact Study Report

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

ADDENDUM FOR WORKFORCE TRAINING PROPOSALS

Not Applicable

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

(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.

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.)

- 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.)

ADDENDUM FOR AD VALOREM TAX RATE REDUCTION:

Not Applicable

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.

(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**

Not Applicable

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.)

ADDENDUM FOR LOCAL ACTION PLAN

Not Applicable

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.

(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.)

ADDENDUM FOR ADVERTISING/PROMOTION

Not Applicable

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.
-

(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 Applicant:_____

Name and Title of Authorized Representative:_____

Representative Signature:_____

Signature Date:_____

Background of Applicant Individual/Entity/Organization

Eastern Shipbuilding (<http://www.easternshipbuilding.com>) is a mid-sized tier 2 shipyard located in Bay County, Florida engaged in new construction and repair of commercial and government vessels. Eastern's original shipyard 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, primarily for commercial customers.

Currently Eastern operates two shipyards in Bay County Florida: one at 2200 Nelson Street, Panama City, FL (the "Nelson Facility"; and one at 13300 Allanton Road, Panama City, FL (the "Allanton Facility"). In addition, Eastern owns property on the industrial canal in Port St Joe, FL and leases additional industrial waterfront property in Port St. Joe for future expansion of Eastern's operations into Gulf County, FL.

Beginning in 2011 Eastern embarked on a bold initiative to enter the competition for a United States Coast Guard ("USCG") contract to design and construct up to 25 Offshore Patrol Cutters ("OPC's"). Initially, USCG officials tried to dissuade Eastern from entering the competition because developing a proposal would be very expensive for Eastern and because Eastern would be competing with preferred shipyards which had already been established as part of the Government's preferred shipbuilding industrial base.

Undaunted, Eastern knew that its superior efficiencies and proven performance could meet the USCG's "affordability" objective. In 2016, after a very expensive and intense five year down select competitive process, the US Coast Guard awarded its largest ever vessel procurement contract to Eastern. The contract is to construct a series of 9 OPC vessels over 10 years but the USCG's official procurement plan is to construct at least 25 OPC vessels over 20 years. Beginning at the peak of OPC production, it is estimated that Eastern will employ approximately 900 people on a full time basis for a period of 10 years solely for the purpose of performing this contract for 9 vessels.

After the contract for the initial 9 vessels is fulfilled, the USCG can re-open the OPC program to allow other shipyards to compete with Eastern to construct the remaining 16 vessels. In order to ward off the competition, win the award for the next 16 vessels, and ensure that the 900 jobs stay in our local economy for 20 years, it is vitally important that Eastern establish its shipyard as part of the Government's shipbuilding industrial base. To accomplish this, Eastern is dedicating its Nelson Facility exclusively to USCG's OPC program and is making state-of-the-art shipyard improvements to increase production efficiencies for meeting the unique requirements of the OPC program. By doing so, Eastern can establish its shipyard as the single best location to construct the OPC's and significantly enhance its competitive position to win the award for the next 16 vessels. While Eastern already has ample facilities to construct the first 9 vessels, Eastern's competitors are now in the process of positioning themselves to win the contract for the next 16 vessels and Eastern must posture its yard to be the obvious best solution for USCG's long term OPC program if Eastern is to keep the contract for all 25 OPC's.

While this Triumph application is submitted by Eastern as a private party, a number of public-private partnerships have been established with Eastern for the purpose of supporting and investing

in this project. These partnerships are discussed in other parts of this application, including in the section below entitled “**Information Concerning Prior Requests for Funding**”.

Information Concerning Prior Requests for Funding

Eastern has made no prior application to Triumph for funding of this project. However, a number of public entities recognize the public benefit of this project and have established public-private partnerships with Eastern to support the project, invest funds in the project, and otherwise partner with Eastern to complete the project.

In 2017 Eastern informed officials of the State of Florida about the extensive financial support that other states were providing to competitive shipyards located in those states in order to assist those shipyards against Eastern in winning Government shipbuilding projects, including the United States Coast Guard Offshore Patrol Cutter project. Under the leadership of Richard Corcoran, Speaker of the Florida House of Representatives, and Joe Negron, President of the Florida Senate, the 2017 Florida legislature appropriated, and on June 2, 2017 Governor Scott approved the expenditure of \$9.5 Million of public funds for construction of shipbuilding infrastructure and related dredging in Bay County and \$6.0 Million toward a floating dry dock, related shipyard infrastructure, and related dredging in Gulf County, both in direct support of the Offshore Patrol Cutter program. In both cases, the funds are being spent to enhance shipbuilding infrastructure on privately-owned industrial land.

In addition to support from the State Legislature, the Florida Department of Transportation and the County Commissions of each of Bay and Gulf Counties have entered into partnering agreements with Eastern in support of Eastern’s OPC program. The above appropriated funds are being administered through a grant from the Florida Department of Transportation to the County Commissions of Bay and Gulf Counties. The Florida Department of Transportation and each County Commission entered into a Joint Participation Agreement. The Bay County Commission entered into a Sub-Recipient Agreement with Eastern and the Gulf County Commission entered into an Economic Development Agreement with Eastern to assist Eastern in executing these projects and administering the grants.

In 2016 Eastern applied for and was granted funding in the amount of \$529,868 by the United States Maritime Administration (“MARAD”) which was used to help offset the cost of acquiring precision steel and aluminum cutting machinery to be used in constructing the OPC’s. Eastern is in the process of applying for additional grants from MARAD to support the OPC program.

In connection with the dredging portions of the project, Bay County has agreed to discount tipping fees for disposal of dredged material. The value of this contribution to the project is estimated to be approximately \$10,000,000, depending on final dredge spoil test results, commercial value, and approval by the Bay County Commission.

Further, the City of Panama City has agreed to contribute a portion of its riparian rights adjacent to City-owned land on Watson Bayou for a perpetual Conservation Easement in Watson Bayour in order to offset some of the environmental impact from the project’s dredging activities.

Obviously, many public entities have recognized the public purpose and public benefits of the project.

Over time, Eastern has itself funded over \$11,000,000 in shipbuilding real estate and over \$75,000,000 in shipyard infrastructure, equipment, improvements and dredging in order to establish a shipyard that could build not only commercial vessels but also Government vessels. Eastern has itself also funded approximately \$5,500,000 in unreimbursed costs over the past 5 years in order to participate in the federal procurement competition with other shipyards for the Offshore Patrol Cutter project. In addition Eastern is directly funding many portions of the project as detailed in the **Funding and Budget** portion of this application.

Eastern's application to Triumph is in an amount needed to supplement and not replace the above funding sources. No single source will fund the entire project.

Eligibility and Priorities

The project consists of dedicating Eastern's Nelson Facility exclusively to the OPC program, constructing and expanding its shipbuilding infrastructure, and dredging adjacent public waterways all for the purposes of: 1) establishing a recognized and preferred Government shipbuilding industrial base in the geography of the disproportionately affected counties; and 2) significantly enhancing Eastern's competitive edge to win the award to construct the 10th through the 25th OPC in order to meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties and sustain that economic growth over the next 20 years.

Title. The title of the project is "Unites States Coast Guard ("USCG") Offshore Patrol Cutter ("OPC") Support".

Location. USCG OPC vessel construction, launching and outfitting will occur in Panama City and Bay County, Florida, at the shipyard's "Nelson Facility" located at 2200 Nelson Street, Panama City, FL which facility will be dedicated exclusively to the OPC program. All Triumph funds awarded will be spent on infrastructure improvements to that facility and on dredging of adjacent public waterways in Watson Bayou. OPC vessel haul-out, dry-docking, and repair will occur in Port St Joe, Gulf County, Florida, if necessary infrastructure becomes available there.

Description. Eastern will construct the first 9 USCG OPC vessels which are 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 Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance ("C4ISR") suite to support its role of protecting our shores, the maritime industry and execution of the Coast Guard's missions.

After the contract for the initial 9 vessels is fulfilled, the USCG will re-open the OPC program to allow other shipyards to compete with Eastern to construct the remaining 16 vessels. In order to ward off the competition, win the award for the next 16 vessels, and ensure that the 900 jobs stay in our local economy for 20 years, it is vitally important that Eastern establish its shipyard as part of the Government's shipbuilding industrial base. To accomplish this, Eastern is dedicating its Nelson Facility exclusively to USCG's OPC program and is making state-of-the-art shipyard improvements to increase production efficiencies for meeting the unique requirements of the OPC program. By doing so, Eastern can establish its shipyard as the single best location to construct the OPC's and significantly enhance its competitive position to win the award for the next 16 vessels. While Eastern already has ample facilities to construct the first 9 vessels, Eastern's competitors are now in the process of positioning themselves to win the contract for the next 16 vessels and Eastern must posture its yard to be the obvious best solution for USCG's long term OPC program if Eastern is to keep the contract for all OPC's.

Specifically, the project consists of dedicating Eastern's Nelson Facility exclusively to the OPC program, constructing and expanding its shipbuilding infrastructure, and dredging adjacent public waterways all for the purposes of: 1) establishing a recognized and preferred Government shipbuilding industrial base in the geography of the disproportionately affected counties; and 2) significantly enhancing Eastern's competitive edge to win the award to construct the 10th through the 25th OPC in order to meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties and sustain that economic growth over the next 20 years.

The specific shipbuilding infrastructure improvements to be completed under the project are detailed in the chart below:

NELSON FACILITY INFRASTRUCTURE IMPROVEMENTS FOR OPC

ITEM	DESCRIPTION	ESTIMATED COST	DETAILS
1	Dredging Phase One (FLDOT Share Bay County)	\$ 2,000,000.00	Includes all costs associated with the permitted dredging at the Nelson Street facility in way of the bulkhead and the channel leading from the launch basin to the mouth of Watson Bayou.
2	Dredging Phase One (disposal fees funded by Bay County)	\$ 1,750,000.00	Includes all spoils disposal costs associated with the permitted dredging at the Nelson Street facility in way of the bulkhead and the channel leading from the launch basin to the mouth of Watson Bayou.

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3	Dredging Phase Two (ESG funded)	\$ 9,000,000.00	Includes all costs associated with the permitted dredging at the Nelson Street facility in way of the east yard expansion. Also includes all costs associated with demolition of existing Whittaker pier.
4	Dredging Phase Two (disposal fees funded by Bay County)	\$ 6,250,000.00	Includes all spoils disposal costs associated with the permitted dredging at the Nelson Street facility in way of the east yard expansion.
5	Construction of office space for USCG commissioning personnel, training personnel, and USCG Project Resident Team	\$ 2,000,000.00	Design/build of a two story approximately 60'x110' metal building with 25' eave. Cost includes all site preparation, foundation work, utilities, outfitting of the buildings with furniture, communications, and needed electronics.
6	Conversion of existing machine and fabrication shop at Nelson Street to a steel fabrication building	\$ 250,000.00	Includes removal and relocation of existing machining equipment and modifications to building necessary to convert it to a steel fabrication building.
7	Expansion and modification of existing fabrication buildings for use as an aluminum fabrication structure and pre-fabrication building	\$ 3,000,000.00	Design/build metal building with overhead cranes. Approximate facility dimensions are 68' wide, 162' long, eave height of 55' with a 43' wide x 162' long lean to. Extension of existing pipe shop and associated lean to by up to 100 feet to the east. Extension of existing tool room lean to by up to 90 feet to the west. Cost includes design criteria package (DCP) preparation, engineering, site preparation, utility adjustments, permitting and inspection cost.
8	Construction of a production facility building at Allanton facility to support C4ISR automation and electronics testing for OPC.	\$ 2,000,000.00	Design/build metal building. Approximate facility dimensions are 135' wide, 260' long, eave height of 24'. Cost includes design criteria package (DCP) preparation, engineering, site preparation, utility adjustments, permitting and inspection cost.

9	Demolition of the existing Nelson/Whittaker bulkhead and replacement with steel bulkhead to support enlarged vessel assembly area for OPC construction - Phase One	\$ 1,000,000.00	Includes all cost to demolish and replace existing upland bulkhead and tie-back system as needed in the vessel erection area and the east end of the shipyard. Cost includes design criteria package (DCP) preparation, engineering, site preparation, utility adjustments, permitting and inspection cost, excavation and soil relocation costs. Demolition and replacement of existing upland bulkhead can be accomplished in phases. Phase one will include approximately 1000' of the total 1400' of bulkhead.
10	Demolition of the existing Nelson/Whittaker bulkhead and replacement with steel bulkhead to support enlarged vessel assembly area for OPC construction - Phase Two	\$ 500,000.00	Includes all cost to demolish and replace existing upland bulkhead and tie-back system as needed in the vessel erection area and the east end of the shipyard. Cost includes design criteria package (DCP) preparation, engineering, site preparation, utility adjustments, permitting and inspection cost, excavation and soil relocation costs. Demolition and replacement of existing upland bulkhead can be accomplished in phases. Phase two will include the remaining approximately 400' of the total 1400' of bulkhead.
11	Demolition of the existing upland structures and ground leveling to support OPC assembly and construction	\$ 150,000.00	Includes all costs associated with demolition of existing structures and subsequent ground leveling and site preparation. This includes but is not limited to the Whittaker production office, and Whittaker shoreside warehouses. Demolition of upland structures can be accomplished in phases.
12	Extension of the Nelson/Whittaker bulkhead along the shoreline - Phase One	\$ 550,000.00	Includes all costs associated with extending the existing shoreside bulkhead to the eastern edge of the property line and installing associated tie-back system. Extension of the bulkhead may be up to 875' in overall length and can be lengthened in phases. Phase One to include first 290' of wall extension to the east.
13	Extension of the Nelson/Whittaker bulkhead along the shoreline - Phase Two.	\$ 1,150,000.00	Includes all costs associated with extending the existing shoreside bulkhead to the eastern edge of the property line and installing associated tie-back system. Extension of the bulkhead may be up to 875' in overall length and can be lengthened in phases. Phase Two includes the remaining 585' of bulkhead extension at the east yard expansion.
14	Construction of additional platens for new vessel module construction - Phase One	\$ 1,000,000.00	Includes all costs associated with demolition and relocation of existing platens and associated utilities as well as construction of new platens. Includes relocating platens east of new pre-fab building and expansion of existing platens on east yard.

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15	Construction of additional platens for new vessel module construction - Phase Two	\$ 650,000.00	Includes all costs associated with construction of new platens. Includes addition of one platen south end of east yard and addition of one platen in existing parking lot.
16	Conversion of existing launch ways to rocker beam type launch ways, installation of additional transfer rails for vessel transfer.	\$ 4,000,000.00	Includes all costs associated with modifying the existing launch ways from a fixed skid system to a rocker beam system, lengthening the existing launch ways, constructing a transverse transfer rail system, and lengthening the existing longitudinal transfer system.
17	Route power lines underground in Nelson Street right-of-way to support large module moves across Nelson Street	\$ 150,000.00	Includes all costs associated with routing the existing Nelson Street overhead power lines underground from East avenue extending approximately 900' to the west.
18	Construction of additional warehouse space at Nelson Street Facility	\$ 1,000,000.00	Design/build metal climate-controlled warehouse building with dimensions of approximately 70' wide, 200' long, 35' eave. Warehouse to have an internal mezzanine level with approximate dimensions of 70' x 140'. Cost includes design criteria package (DCP) preparation, engineering, site preparation, utility adjustments, permitting and inspection cost.
19	Replace existing Nelson Street Offices	\$ 4,000,000.00	Design/build of a two-story approximately 100'x100' metal building with 35' eave. Cost includes all site preparation, foundation work, utilities, outfitting of the buildings with furniture, communications, and needed electronics
20	Demo and grading IWO existing Nelson Street Office	\$ 850,000.00	Demolition of existing Nelson Street office and subsequent land excavation and grading.
21	Real estate purchases and improvements east of East Avenue to support expanded employee parking needs for OPC	\$ 200,000.00	Includes costs associated with purchasing lots east of East Avenue and performing building demolition and land clearing.
22	Real estate purchases to support ESG OPC Program Management Office (OPC PRO) and associated improvements	\$ 875,000.00	Includes costs associated with real estate purchases and improvements to same in order to support OPC PMO offices.

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23	Purchase and installation of structural roll machine to support construction of the OPC.	\$ 1,500,000.00	Includes all costs associated with purchase, installation and commissioning of Davi structural roll machine including associated tooling.
24	Purchase and installation of two hydraulic pipe bending machines to support construction of the OPC.	\$ 750,000.00	Includes all costs associated with purchase, installation and commissioning of Hines pipe roll machines including associated tooling.
25	Inspection of and subsequent replacement of existing Nelson Street launchway bulkhead to support OPC. Approximate length 400'.	\$ 1,000,000.00	Includes all costs associated with the inspection of and subsequent replacement of the existing launchway bulkhead at the Nelson Street facility. Approximate length 400'.
26	Purchase and installation of Phase I USCG Project Resident Office (PRO) to later become permanent USCG PCAF/PRECOMDET facility.	\$ 750,000.00	Includes all costs associated with the purchase, installation, and outfitting of the Phase I PRO office and OPC crew assembly and pre-commissioning detachment building for the USCG
27	Demolish existing south lean to off Nelson Street new pre-fab building, relocate electrical warehouse and carpenter shop to north lean to, relocate existing electrical service etc. to support enlarged assembly area for OPC	\$ 250,000.00	Includes all costs to demolish existing south lean to off Nelson Street new pre-fab building, relocate electrical warehouse and carpenter shop to north lean to, relocate existing electrical service etc.
28	Dredging and infrastructure improvements to ESG's Port Saint Joe vessel outfitting facility (FLDOT Share)	\$ 6,000,000.00	Includes all costs associated with bulkhead dredging and disposal of spoils as well as upland improvements necessary to make ESG's Port Saint Joe facilities suitable for vessel outfitting.
29	Dredging and infrastructure improvements to ESG's Port Saint Joe vessel outfitting facility (Bay/Gulf County share for disposal fees)	\$ 2,000,000.00	Includes disposal fees for dredge spoils for Gulf County dredge project.

30	Purchase and install new Messer MPC2030 Multi Process Precision Plate Cutting System to support OPC steel and aluminum plate cutting and marking. Purchase and install 100'x300' warehouse facility	\$ 3,350,000.00	Includes all costs associated with the removal of the existing plasma cutting machine and associated exhaust filtration system and installation of the new Messer MPC2030 Multi Process Precision Plate Cutting System and exhaust filtration system to support OPC steel plate cutting and marking. Also includes all costs associated with purchasing and installing a 100'x300' warehouse.
31	ESG OPC contract capture investment during the proposal phases prior to award of the OPC contract	\$ 5,500,000.00	Includes all invested costs associated with participation in the OPC pre-award proposal phases.
32	Installation of a covered blasting and painting facility	\$ 1,000,000.00	Design/build metal blast and paint building with dimensions of approximately 75' wide, 150' long 45' eave. Cost includes design criteria package (DCP) preparation, engineering, site preparation, utility adjustments, permitting and inspection cost.
33	Installation of covered buildings over existing platens and installation of overhead cranes	\$ 3,000,000.00	Design/build covered panel fabrication buildings with dimensions of approximately 75' wide, 300' long 45' eave. Cost includes design criteria package (DCP) preparation, engineering, site preparation, utility adjustments, permitting and inspection cost.
34	Stormwater system modifications required for above improvements	\$ 1,000,000.00	All costs associated with modifying stormwater system as required for the shipyard improvements.
	TOTAL	\$ 68,425,000.00	

Economic Impact. UWF's Haas Center conducted an economic impact study of the USCG OPC contract awarded to Eastern. A copy of that study is provided with this application. Eastern expects that to fulfill the initial 9 vessel contract, it will directly employ approximately 900 workers at its peak prior to 2024 exclusively for the OPC project. Assuming a grant in the amount of this application, the "cost" for each direct full-time job is approximately \$22,222.00 which is less than the average annual compensation for each such job (each direct job will pay for itself in less than one year).

The Haas Center studied the impact of the initial 9 vessel 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 initial 9 vessel contract will directly and indirectly support over 10,000 full and part time workers in Bay County from 2016 to 2024, which will add approximately \$690 million of personal income for the region. Assuming a grant in the amount of this application, the "cost" for each indirect full-time job is approximately \$2003. Assuming these jobs are at least

full time minimum wage jobs, each job will pay for itself in approximately 5 weeks. According to the Haas Center study, this amounts to \$1.9 billion in total output and a \$940 million increase in the local Gross Domestic Product over this period.

The Coast Guard plans to acquire a total of 25 OPC's. If Eastern is awarded the contract for the additional 16 vessels, Eastern would need to directly employ an average of approximately 900 workers per year through 2032 with work extending through 2035. The Haas Center currently 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. Under this scenario the "cost" for each job if this grant application is approved is less than \$75. The total personal income over this period would be \$2.9 billion with an increase in Gross Domestic Product of \$3.0 billion.

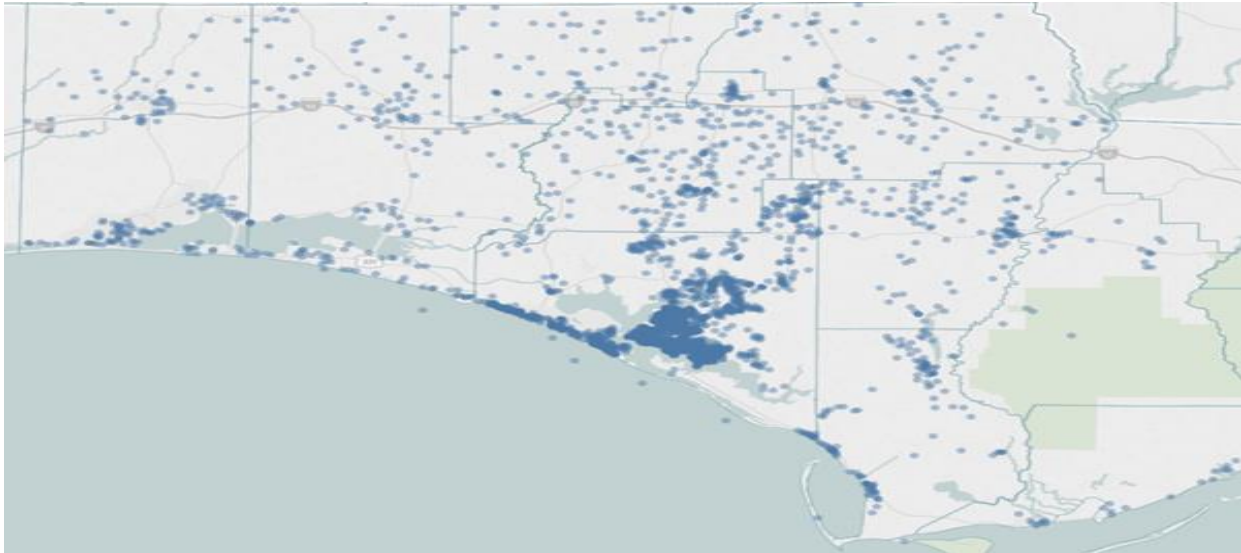
Direct employees will include welders, ship-fitters, pipefitters, first-line supervisors of production, operating workers, electricians, mechanical engineers, painters, carpenters, mechanical drafters, construction and related workers, helpers (production workers, freight, stock, and material movers, hand laborers), engineering technicians, machinists, construction workers, maintenance and repair workers, and electronics engineers. Direct employees will learn transferable, sustainable workforce skills, and gain certifications in their respective trades which are valuable across multiple industries.

Additionally, employees of sophisticated subcontractors and vendors for state-of-the-art advanced navigation, weapons, propulsion, and communications systems will have a permanent local presence during the construction, warranty and repair of these Coast Guard vessels. These elite companies will bring jobs to the area and will be available for other Eastern projects, defense contractors, and other businesses in or attracted to the affected counties.

The USCG will itself permanently station in Panama City approximately 80 additional Coast Guardsmen and their families to work full time solely on the OPC project.

Based on historic data, employees will commute from inside and outside of Bay County as reflected in the following graphic:

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From the above it is clear that this application demonstrates potential job creation leverage that is both exponential, long term, and beneficial to virtually all of the disproportionately affected counties.

Timeline: The timeline for the project began in 2011 when Eastern decided to compete for the OPC program, notwithstanding the fact that Eastern would be competing with other shipyards preferred by the Government because they are recognized by the Government as part of the shipbuilding industrial base that must be preserved through Government contract awards.

The first 9 OPC's will be constructed and delivered over the next 10 years and the following 16 vessels will be constructed and delivered over the following 10 years. Eastern will start cutting steel for the first OPC in September 2018 and the first OPC will be delivered in 2021. Construction of the second OPC will start in 2019. To accommodate this construction schedule, Eastern plans to complete the above shipyard infrastructure improvements and conduct the above dredging activities on the following schedule:

ITEM	DESCRIPTION	PROJECTED START DATE	PROJECTED FINISH DATE
1	Dredging Phase One (FLDOT Share Bay County)	June-17	December-18

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2	Dredging Phase One (disposal fees funded by Bay County)	June-17	December-18
3	Dredging Phase Two	June-17	December-19
4	Dredging Phase Two (disposal fees funded by Bay County)	June-17	March-20
5	Construction of office space for commissioning personnel, training personnel, and USCG Project Resident Team	September-17	June-19
6	Conversion of existing machine and fabrication shop at Nelson Street to a steel fabrication building	February-18	August-18
7	Expansion and modification of existing fabrication buildings for use as an aluminum fabrication structure and pre-fabrication building	January-18	February-19
8	Construction of a production facility building at Allanton facility to support C4ISR automation and electronics testing for OPC.	January-18	February-19

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9	Demolition of the existing Nelson/Whittaker bulkhead and replacement with steel bulkhead to support enlarged vessel assembly area for OPC construction - Phase One	January-18	December-18
10	Demolition of the existing Nelson/Whittaker bulkhead and replacement with steel bulkhead to support enlarged vessel assembly area for OPC construction - Phase Two	January-18	March-19
11	Demolition of the existing upland structures and ground leveling to support OPC assembly and construction	June-18	June-21
12	Extension of the Nelson/Whittaker bulkhead along the shoreline - Phase One	February-18	March-19
13	Extension of the Nelson/Whittaker bulkhead along the shoreline - Phase Two.	February-18	June-19
14	Construction of additional platens for new vessel module construction - Phase One	June-18	September-18
15	Construction of additional platens for new vessel module construction - Phase Two	March-19	June-19
16	Conversion of existing launch ways to rocker beam type launch ways, installation of additional transfer rails for vessel transfer.	January-18	December-18

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17	Route power lines underground in Nelson Street right-of-way to support large module moves across Nelson Street	February-18	December-18
18	Construction of additional warehouse space at Nelson Street Facility	January-18	February-19
19	Replace existing Nelson Street Offices	June-18	December-20
20	Demo and grading IWO existing Nelson Office	December-20	March-21
21	Real estate purchases and improvements east of East Avenue to support expanded employee parking needs for OPC	March-16	August-18
22	Real estate purchases to support ESG OPC Program Management Office (OPC PRO) and associated improvements	May-14	December-18
23	Purchase and installation of structural roll machine to support construction of the OPC.	December-17	August-18
24	Purchase and installation of two hydraulic pipe bending machines to support construction of the OPC.	November-17	August-18
25	Inspection of and subsequent replacement of existing Nelson Street launchway bulkhead to support OPC. Approximate length 400'.	January-18	December-18
26	Purchase and installation of Phase I USCG Project Resident Office (PRO) to later become permanent USCG PCAF/PRECOMDET facility.	December-16	June-17

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27	Demolish existing south lean to off Nelson Street new pre-fab building, relocate electrical warehouse and carpenter shop to north lean to, relocate existing electrical service etc. to support enlarged assembly area for OPC	January-18	June-18
28	Dredging and infrastructure improvements to ESG's Port Saint Joe vessel outfitting facility (FLDOT Funded)	June-17	June-19
29	Dredging and infrastructure improvements to ESG's Port Saint Joe vessel outfitting facility (Bay County dredge disposal contribution)	June-17	June-19
30	Purchase and install new Messer MPC2030 Multi Process Precision Plate Cutting System to support OPC steel and aluminum plate cutting and marking. Purchase and install 100x300 warehouse facility	April-15	September-17
31	ESG investment OPC contract capture costs during the proposal phases prior to award of the OPC contract	September 2012	September-16
32	Installation of a covered blasting and painting facility	June-18	June-19
33	Installation of covered buildings over existing platens and installation of overhead cranes	June-18	June-19

34	Stormwater system modifications required for above improvements	June-18	December-20
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The project accomplishes and promotes the regional strategy for economic transformation, *Northwest Florida Forward*, as outlined by Florida’s Great Northwest. The project complies with *Bay County Priorities for Triumph Funding*.

Shipbuilding capabilities are crucial infrastructure to 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)

An award for this project will assuredly contribute significantly to economic recovery, economic diversity beyond tourism and military installations, and economic enhancement of the disproportionately affected counties for generations.

Funding and Budget

Types and Number of Jobs/Wages: Eastern expects that to fulfill the initial 9 vessel contract, it will directly employ approximately 900 workers at its peak prior to 2024 exclusively for the OPC project. Direct employees will include welders, ship-fitters, pipefitters, first-line supervisors of production, operating workers, electricians, mechanical engineers, painters, carpenters, mechanical drafters, construction and related workers, helpers (production workers, freight, stock, and material movers, hand laborers), engineering technicians, machinists, construction workers, maintenance and repair workers, and electronics engineers. Annual gross compensation for such jobs will range between \$22,000.00 and \$60,000 or more plus benefits.

Additionally, sophisticated subcontractors and vendors for state-of-the-art advanced navigation, weapons, propulsion, and communications systems will have a permanent local presence during the construction, warranty and repair of these Coast Guard vessels. The USCG will itself

permanently station in Panama City approximately 80 additional Coast Guardsmen to work solely on the OPC project.

Finally, the Haas Center estimates that the initial 9 vessel contract will directly and indirectly support over 10,000 full and part time workers in Bay County from 2016 to 2024, which will add approximately \$690 million of personal income for the region and that the subsequent award for 16 more ships will would indirectly and directly support another 19,000 jobs in the region, bringing the total jobs impact to 29,933 from 2016 to 2035.

Supplement to Existing Funding: A number of public entities recognize the public benefit of this project and have pledged support of the project, invested funds in this project, and otherwise partnered with Eastern to complete the project.

In 2017 Eastern informed officials of the State of Florida about the extensive financial support that other states were providing to competitive shipyards located in those states in order to assist those shipyards against Eastern in winning Government shipbuilding projects, including the United States Coast Guard Offshore Patrol Cutter project. Under the leadership of Richard Corcoran, Speaker of the Florida House of Representatives, and Joe Negron, President of the Florida Senate, the 2017 Florida legislature appropriated, and on June 2, 2017 Governor Scott approved the expenditure of \$9.5 Million of public funds for construction of shipbuilding infrastructure and related dredging in Bay County and \$6.0 Million for toward a floating dry dock, related shipyard infrastructure, and related dredging in Gulf County, both in direct support of the Offshore Patrol Cutter program. In both cases, the funds are being spent to enhance shipbuilding infrastructure on privately-owned industrial land.

In addition to support from the State Legislature, the Florida Department of Transportation and the County Commissions of each of Bay and Gulf Counties have entered into partnering agreements with Eastern in support of Eastern's OPC program. The above appropriated funds are being administered through a grant from the Florida Department of Transportation to the County Commissions of Bay and Gulf Counties. The Florida Department of Transportation and each County Commission entered into a Joint Participation Agreement. The Bay County Commission entered into a Sub-Recipient Agreement with Eastern and the Gulf County Commission entered into an Economic Development Agreement with Eastern to assist Eastern in executing these projects and administering the grants.

In 2016 Eastern applied for and was granted funding in the amount of \$529,868 by the United States Maritime Administration ("MARAD") which was used to help offset the cost of acquiring state of the art precision steel and aluminum cutting machinery to be used in constructing the OPC's. Eastern is in the process of applying for additional grants from MARAD to support the OPC program.

In connection with the dredging portions of the project, Bay County has agreed to discount or completely waive tipping fees for disposal of dredged material. The value of this contribution to the project is estimated to be approximately \$10,000,000, depending on final dredge spoil test results, commercial value, and approval by the Bay County Commission.

Further, the City of Panama City has agreed to contribute a portion of its riparian rights adjacent to City-owned land on Watson Bayou for a perpetual Conservation Easement in Watson Bayou in order to offset some of the environmental impact from the project's dredging activities.

Obviously, many public entities have recognized the public purpose and public benefits of the project.

Over time, Eastern has itself funded over \$11,000,000 in shipbuilding real estate and over \$75,000,000 in shipyard infrastructure, equipment, improvements and dredging in order to establish a shipyard that could build not only commercial vessels but also Government vessels. Eastern has itself also funded approximately \$5,500,000 in unreimbursed costs over the past 5 years in order to participate in the federal procurement competition with other shipyards for the Offshore Patrol Cutter project. In addition Eastern is directly funding many portions of the project as detailed in the Funding and Budget portion of this application.

Eastern's application to Triumph is in an amount needed to supplement and not replace the above funding sources. No single source will fund the entire project.

Project/Program Budget Narrative: The project entails construction of shipyard infrastructure and dredging of public waterways to support the construction and launching of the Offshore Patrol Cutters being constructed by Eastern for the United States Coast Guard. Physical construction of the first OPC is scheduled to begin in September 2018 with delivery occurring in 2021.

OPC's numbered 2-9 and following, will be constructed and delivered on a staggered basis thereafter such that multiple OPC's will be simultaneously under construction at various phases of construction within the shipyard. To support that construction and delivery schedule and to place Eastern in the most competitive position for a possible re-competition for OPC's numbered 10-25 approximately \$68.5 M will have been expended before delivery of the first OPC on needed shipyard infrastructure and equipment including maintenance dredging of the vessel launch basin, extension of waterfront bulkhead, demolition and upgrades of depreciated infrastructure, construction of a modular production office for the USCG, construction of an aluminum fabrication building, construction of a production facility, relocation of a machine shop, re-routing of utility lines, maintenance and channel dredging, construction of a permanent program office for the USCG, construction of permanent crew assembly and pre-commissioning detachment building for the USCG, construction of additional warehouse space, installation of transfer rails and launch facilities, construction of additional construction platens, purchase of steel and aluminum plate cutting machinery, and relocation of storm-water runoff and retention facilities.

The charts above set forth the details of these improvements and their estimated costs and timeline.

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

Program Requirements: All waterways that are to be dredged as part of the project are owned by the State of Florida and accessible to the public. Some of the improvements will not be owned by the public but will be built for exclusive use by the USCG under the Department of Homeland Security for the construction of the OPC's. Other improvements will be privately owned but used

in connection with fulfilling the OPC construction contract to enable the USCG to complete its broader missions of border protection, offshore rescue, drug interdiction, and other missions of the US Department of Homeland Security. In addition, fulfillment of the OPC contract will contribute substantially to economic development and recovery in counties most adversely affected by the BP Oil Spill. Please see the Haas Center Economic Development Impact Study Report included with this application.



Economic Impact of Eastern Shipbuilding Group, Inc. November 2017



UNIVERSITY *of* WEST FLORIDA

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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
<i>Total Employment</i>	10,304	19,629	29,933
<i>Gross Domestic Product (Billions)</i>	\$ 0.94	\$ 2.04	\$ 2.98
<i>Output (Billions)</i>	\$ 1.94	\$ 4.24	\$ 6.18
<i>Personal Income (Billions)</i>	\$ 0.69	\$ 2.22	\$ 2.91
<i>Avg. Annual Wage Increase (2017\$)</i>	\$ 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 \$2.38 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								

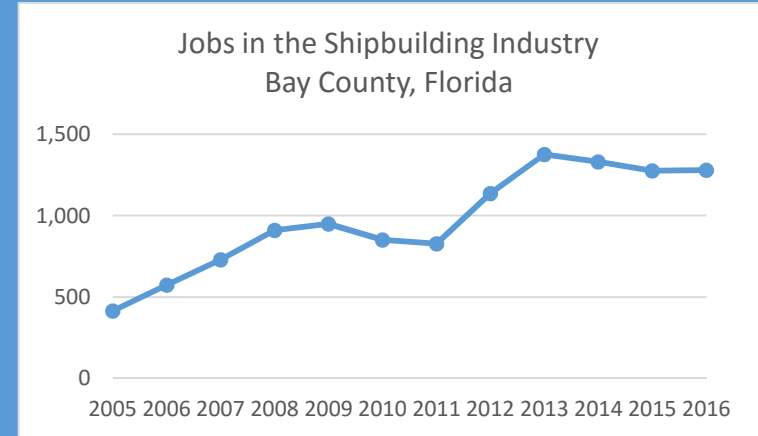
Shipbuilding Industry in Bay County

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

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

Top Export Industries in Bay County

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

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

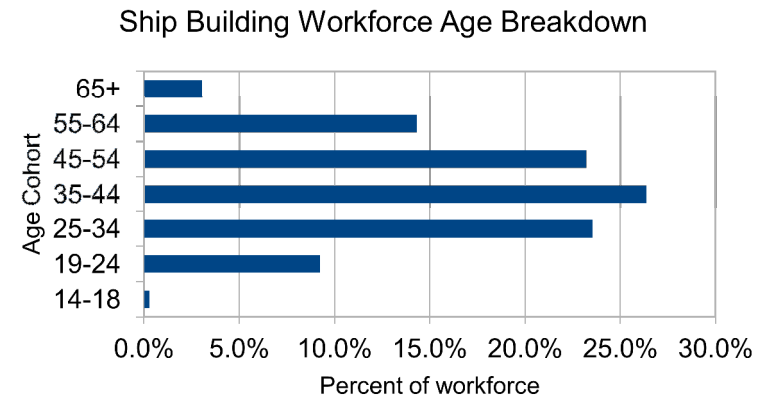
Ship building and support services are labor intensive, with large ships often requiring over 1,000 workers to complete. Laborers tend to have specialized skill such as heavy equipment operation, welding and naval engineering. As a result, industry wages are relatively high compared to the same occupations 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 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
<i>Welders, Cutters, Solderers, and Brazers</i>	150	76%	11.9%	\$15.76
<i>Structural Metal Fabricators and Fitters</i>	84	87%	6.6%	\$19.14
<i>Plumbers, Pipefitters, and Steamfitters</i>	70	79%	5.6%	\$11.99
<i>Fiberglass Laminators and Fabricators</i>	69	77%	5.4%	\$14.67
<i>First-Line Supervisors of Production and Operating Workers</i>	62	77%	4.9%	\$22.87
<i>Team Assemblers</i>	59	74%	4.7%	\$12.51
<i>Electricians</i>	57	78%	4.5%	\$19.76
<i>Mechanical Engineers</i>	49	88%	3.8%	\$47.10
<i>Painters, Transportation Equipment</i>	35	75%	2.8%	\$12.50
<i>Carpenters</i>	29	71%	2.3%	\$16.85
<i>Mechanical Drafters</i>	24	60%	1.9%	\$26.79
<i>Construction and Related Workers, All Other</i>	19	90%	1.5%	\$15.63
<i>Helpers--Production Workers</i>	16	60%	1.2%	\$10.75
<i>Laborers and Freight, Stock, and Material Movers, Hand</i>	16	78%	1.2%	\$10.52
<i>Engineering Technicians, Except Drafters, All Other</i>	16	100%	1.2%	\$33.10
<i>Machinists</i>	16	60%	1.2%	\$23.79
<i>Painters, Construction and Maintenance</i>	15	88%	1.2%	\$12.96
<i>Maintenance and Repair Workers, General</i>	12	71%	1.0%	\$15.49
<i>Riggers</i>	12	50%	1.0%	\$19.78
<i>Electronics Engineers, Except Computer</i>	11	57%	0.9%	\$50.12

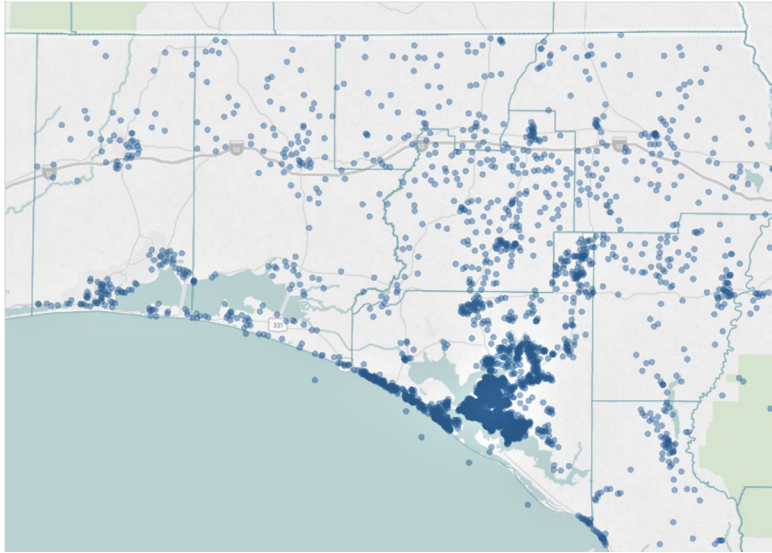
Source: EMSI Q3 2017 Data

AVERAGE WAGES OF BAY COUNTY SHIPBUILDING OCCUPATIONS

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

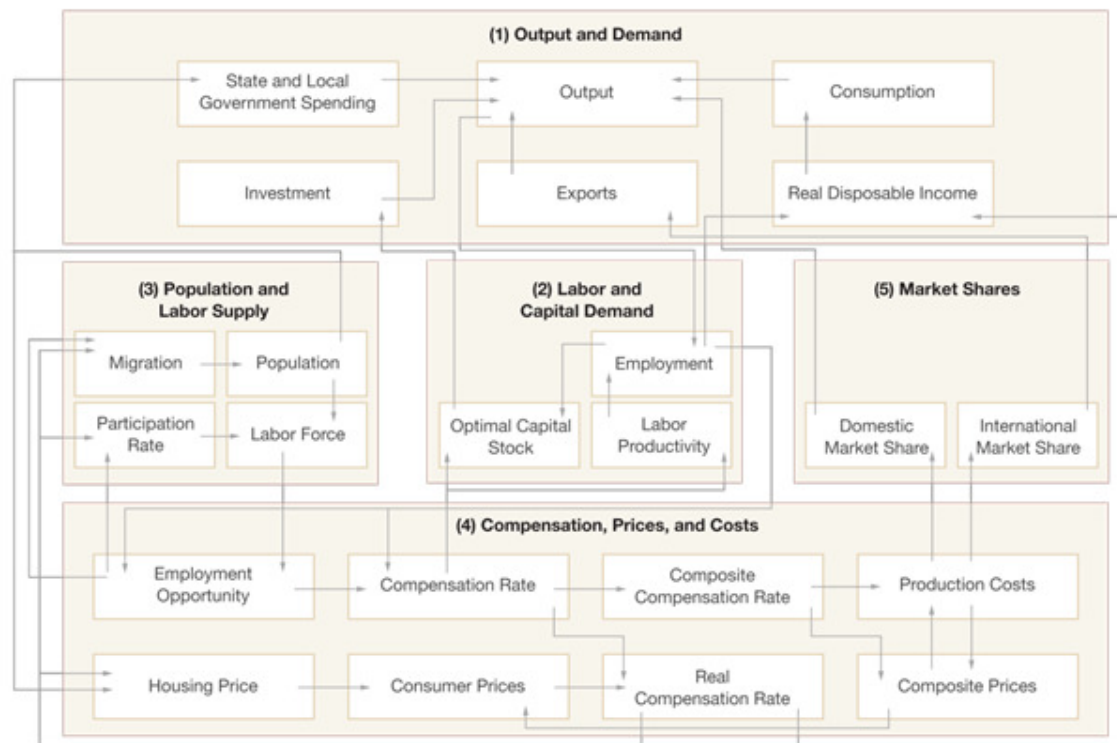
Econometric simulation models combine the sector detail and geography detail of input/output models but provide for functioning economic linkages between sectors and regions over time. The current study uses data provided by Eastern entered into REMI PI+ Version 2.1.1 (Regional Economic Models Inc.), 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.

REMI Model Linkages (Excluding Economic Geography Linkages)



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
<i>Gross Domestic Product (Billions 2017\$)</i>	\$ 0.94	\$ 2.04	\$ 2.98
<i>Output (Billions 2017\$)</i>	1.94	4.24	6.18
<i>Personal Income (Billions 2017\$)</i>	\$ 0.69	\$ 2.22	\$ 2.91
<i>Labor Force</i>	5,739	18,321	24,061
<i>Avg. Annual Wage Increase (2017\$)</i>	\$ 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
<i>Natural Resources and Utilities</i>	37	46	83
<i>Construction</i>	1,445	1,424	2,870
<i>Manufacturing</i>	4,463	8,759	13,222
<i>Wholesale Trade</i>	107	187	294
<i>Retail Trade</i>	752	1,600	2,352
<i>Transportation and Warehousing</i>	82	84	166
<i>Information</i>	37	62	99
<i>Finance and Insurance</i>	153	254	407
<i>Real Estate and Rental and Leasing</i>	193	407	600
<i>Professional, Scientific, and Technical Services</i>	463	990	1,452
<i>Management of Companies and Enterprises</i>	50	90	140

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

Table 3: Impact by Occupation Category (jobs)

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