

Application Score Sheet

Proposed Project: Santa Rosa County, Whiting Aviation Park (#72)

Proposed Project/Program County: Santa Rosa

Board of County Commission Support: Yes

Total Projected Project Cost: \$17,704,975

Match Provided: \$9,181,320

Triumph Funds Requested: \$8,523,655 (48%)

Triumph Funds Recommended by Staff: \$8,523,655

Score: A

Triumph Board Approval: Yes/No

Triumph Funds Approved by Board:

Date:

Economic Advisor Summary

The Santa Rosa County Board of County Commissioners proposal describes infrastructure improvements to 40 acres of industrial park land outside the fence but adjacent to Whiting Field. These improvements are intended to support helicopter maintenance, repair and overhaul operations in support of the Whiting Field military training missions. The Triumph request of \$8.52 million represents 48 percent of the total project cost.

The US Navy will be rebidding contracts within the next two years for maintenance, repair and overhaul activities required by the Whiting helicopter fleet. Whiting has not hosted substantial MRO operations for the rotary wing fleet before now. Instead, aircraft are transported to offsite locations for needed repairs and updates. This adds transportation costs and reduces the effective availability of the fleet based at Whiting when equipment is transported for service. It is expected that winner of the updated contract would view establishing facilities at Whiting to be a major driver of cost advantage relative to the current situation. Such a cost advantage would help improve the viability of Whiting as home to these missions.

The Santa Rosa BOCC expects that improvements to infrastructure will induce private investment and employment and associated jobs at or greater than 150 percent of existing County average wages. It will help elevate the function and visibility of the region in the important aviation/aerospace target industry sector. Further, the improvements will help guarantee the continued dominant role of Whiting Field and Santa Rosa County in helicopter training, thus guarding against loss of military missions in future BRAC (base realignment and closure) rounds. The County reports that there is substantive interest from at least two major private sector employers wishing to pursue these MRO opportunities.

Because of the large job creation potential of the site upon attaining shovel-ready status, it is reasonable to expect that the benefit/cost ratio for the proposed improvements will be very high. Good increases in wages can be expected given the types of businesses that will use the industrial site. It is reasonable to expect that there is a very high probability that 200 or more net new jobs at 150 percent or more of the prevailing wage rate will be committed to locating on the site within 3 years of completion of the infrastructure enhancements envisioned by this project. Once the development activities are completed, the operations and maintenance expenditures that will be necessary to maintain site readiness will be handled by tenants and by Santa Rosa County.

For these reasons, staff rate this program “A” in terms of economic impact to Santa Rosa County.

Project Summary (based on information provided by the applicant)

The Board of County Commissioners of Santa Rosa County is requesting \$8,523,655 for the development of approximately 40 acres within the Whiting Aviation Park (WAP.) The development will be used to design and construct the infrastructure to accommodate helicopter maintenance, repair, overhaul (MRO) and other helo support operations. The proposed site is adjacent to the southern airfield of NAS Whiting Field, north of the City of Milton in Santa Rosa County.

The Whiting Aviation Park, purchased by Santa Rosa County, is a 267-acre industrial zoned parcel located adjacent to NAS Whiting Field. WAP is unique due to the many assets realized through a joint limited use agreement between Santa Rosa County and the Department of the Navy. The agreement is a first of its kind with allows "through the fence access" giving private companies the ability to use the 6,000-linear foot runway with air traffic control. The value of the limited use agreement to the community is incalculable, however the results of a fully operational air park would be transformational.

The project will enhance NASWF because the industrial land use is compatible with the mission of NASWF, reducing the land around the base available for land uses that are not compatible. In fact, the project may prove to be more cost effective for military training operations since helicopters will not have to fly or be transported to another location, thus reducing their down time. The 2017 Update of the Florida Defense Industry Economic Impact Analysis describes the tremendous importance of Whiting Field in Santa Rosa County. NASWF has a \$1.4 billion impact on the Santa Rosa County economy, generating 15,826 jobs and contributing over 36% of the county's GDP.

It is intended that the aviation park attract not only military business but also civilian commercial business. Development of the aerospace industry in Santa Rosa County will not only diversify the economy but would also provide stability as the need increases globally for air travel and air service such as cargo operations.

The United States Navy's Limited Access Use Agreement (LAUA) allows civilian tenants of the Whiting Aviation Park (excluding general aviation) access to the NASWF taxiways, runways,

and airfield operations including air traffic control. However, for this request taxiways and runways on the military airfield will not be needed because the proposed project is to develop the first 40 acres of the 267 - acre park to accommodate maintenance, repair and overhaul (MRO) of helicopters.

Two prospective businesses have inquired, spurring the county to change its plans from infrastructure development of the first 100 acres to 40 acres, in order to take advantage of the opportunity. Once the infrastructure is in place, it will be maintained by the county. The wages offered by these prospects exceed 150% of the county's average wage.

Based upon the Northwest Florida Forward plan and the most recent Economic Development Strategic Plan for Santa Rosa County, key assets of retired military personal, proximity to large aircraft assembly operations, and multiple training programs relating to aviation and support services show that aviation and aerospace is a key sector for the Florida Panhandle.

The net inflow/outflow of commuters is extremely high out of Santa Rosa County. Workers are commuting outside the county to higher paying jobs in the metropolitan core areas of Pensacola, Fort Walton Beach and Crestview. The downturn of the economy in 2008 and the Deepwater Horizon Oil Spill in 2010 both hit the county's economy very hard (unemployment rose from 2.8 in 2006 to 9.5 in 2010) because of the reliance on growth in the construction/housing industry and tourism for jobs and revenues. Years later, the options for better paying jobs in the county are still limited.

The selection of Mobile, Alabama as the assembly plant for Airbus opened the eyes of the world to the advantages of locating along the northern Gulf Coast of the US. At least one well-established aerospace company in Mobile recently found expansion at Brookley Field, where Airbus is located, to be limited and looked for another location to grow its maintenance, repair and overhaul (MRO) operations. VT Mobile Aerospace Engineering (VTMAE) ultimately chose Pensacola International Airport for its new 173,000 square feet MRO hangar.

Meanwhile, on the eastern side of Santa Rosa County at the Crestview Bob Sikes Airport, the aviation industry has been growing since the 1960s. In 1963, Fairchild Industries opened its Crestview facility with two hangars. It specialized in military aircraft modifications and maintenance but eventually grew to include civilian aircraft. Now owned by L3 Technologies with headquarters in New York, L3 Crestview Aerospace has 553,000 square feet of manufacturing, hangar and administrative facilities. It can accommodate a wide variety of military and civilian aircraft and employs approximately 1,000.

According to the Okaloosa County Economic Development website, former Governor Jeb Bush praised the Okaloosa Industrial Air Park (at Bob Sikes Airport) as "One of the best examples of a true aviation, aerospace and defense cluster development in the State of Florida." In its brochure, L3 draws attention to its proximity to Eglin Air Force Base, Hurlburt Field, Duke Field, Naval Air Station Whiting Field, Fort Rucker, Pensacola Naval Air Station, and the Naval Support Activity in Panama City. So, no doubt the Gulf Coast is transforming with the growth of the aerospace industry, partly fueled by the proximity to military installations. This is the opportunity for Santa Rosa to join in the transformation.

The proposal provides a wider regional impact as evidenced by the U.S. Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School, which shows Northwest Florida as a cluster for the aerospace and defense industry along with nearby counties in Alabama. It enhances a targeted industry cluster by making more aviation industrial space available adjacent to an existing airfield. And it Aligns with the regional strategic initiative of the aerospace and defense cluster as a targeted industry with a strong outlook for growth.

In 2016, the Santa Rosa Economic Development Office (EDO) requested a brief economic analysis of the impact of five industry projects locating within Santa Rosa County from the University of West Florida Haas Center for Business Research and Economic Development. One analysis requested was for an industry creating 100 jobs at the Whiting Aviation Park. The Haas Center findings show a \$143.53 million impact over 9 years based on 100 jobs manufacturing jobs created at Whiting Aviation Park at an average wage of \$50,000.

Whiting Aviation Park is a unique regional asset. The Aviation Park offers an opportunity for aerospace and defense companies to be positioned at the back gate of the busiest airport in the world. As the first of its kind agreement with the in the Navy. This arrangement could open the door for new opportunities with the Navy that are not currently known.

Team Santa Rosa, the earlier name for the Santa Rosa Economic Development Office (EDO), applied for and received several Enterprise Florida Defense Infrastructure Grants (DIG) and Defense Reinvestment Grants (DRG) awards for design of road improvements outside the proposed Whiting Aviation Park, for conceptual design of the park and for development of a master plan.

Additionally, the Florida Defense Support Task Force (FDSTF) Grant for security fencing between the proposed air park and NAS Whiting Field was funded and the fence has been installed.

The outcome measures proposed include a review: (1) number of jobs (2) average wage, (3) amount of capital investment.

The project would be completed within 36 months: design and permitting six months, construction procurement three months and construction up to 27 months.

This application is supported by the US Navy through the limited access use agreement (LAUA) allowing use of its airfield by tenants of the Aviation Park, excluding general aviation.

Funding and Budget (as provided by the applicant)

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

A. Project/Program Costs:

Design & Engineering: \$1,200,000
Land & Easement Acquisition: \$4,976,600
Construction: \$9,118,375
Site Preparation/Master Plan: \$1,110,000
Incentive Packages: \$1,300,000

Total Project Costs: \$17,704,975

B. Other Project Funding Sources:

County Investment to Date: \$6,086,600
County Cash Match: \$1,794,720
Incentive Packages: \$1,300,000

Total Other Funding: \$9,181,320

Total Amount Requested: \$8,523,655