

## Application Score Sheet

Proposed Project: Gulf County, Port of Port St. Joe Floating Dry Dock (#27)

Proposed Project/Program County: Gulf

Board of County Commission Support: Yes

Total Projected Project Cost: \$38,425,000.00

Match Provided: \$6,000,000.00

Triumph Funds Requested: \$28,425,000.00

Triumph Funds Recommended by Staff:

Score: B

Triumph Board Approval: Yes/No

Triumph Funds Approved by Board:

Date:

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### **Project Summary (based on information provided by the applicant)**

Gulf County requests \$28,425,000.00 for Triumph funding for construction of a floating dry dock to facilitate an ongoing ship repair and haul out facility on deepwater property in Port St. Joe. Necessary infrastructure includes a self-docking floating dry dock capable of handling vessels up to 10,000 LT weight.

The floating dry dock, ship repair and haul out facility are expected to serve as catalysts to additional business and industry for Gulf County and the region. The drydock design is currently underway with a scheduled completion of Summer 2018. Upon design completion, Eastern Shipbuilding (Eastern) intends to construct and exclusively lease, from the county, and operate the dry dock following the permitting and dredging of a 100' x 1,000' foot bulkhead.

This project is complementary to the 2016 United States Coast Guard Offshore Patrol Cutter design and manufacturing contract awarded to Eastern for the first 9 of a 25-vessel program of record. The proposal also enables Port St Joe, Gulf County and the region to become a vessel outfitting and vessel repair center for the northern Gulf of Mexico competing with the likes of Tampa, Mobile, New Orleans and related vessel outfitting and repair locations.

This project has been unanimously supported by all four of Gulf County's elected boards (Gulf County, City of Port St. Joe, City of Wewahitichka and the Gulf County School Board) and has the unanimous support of the appointed board, Port St. Joe Port Authority, all citing the transformational potential for the county and the eastern region of the Panhandle.

Eastern Shipbuilding has secured a long-term USCG manufacturing contract. As a result, their commercial manufacturing and vessel outfitting work is being relocated to its Allanton shipyard

and Port St Joe. A floating dry dock is integral to their USCG contract and will enable vessel repair opportunities for commercial and military vessels.

In 1994, a Florida Constitutional Amendment banned fishing nets which directly impacted Gulf County and its multi-generational fishing industry. Five years later, the papermill closed, was demolished and with its closure, hundreds of jobs evaporated. The community began what would become a decades-long campaign to attract jobs and stability to Gulf County. Breadwinners stretched to find employment traveling further and further distances to provide for their families. Eventually, out of necessity, many relocated elsewhere. Less than 46% of Gulf County's population is in the workforce, which is nearly 20% below the State average. The civilian workforce peaked in 1994 and declined to a record low in 2000, rising to a record high in 2005 with the real estate boom, but has since experienced an overall general decline.

The history of Eastern can be traced back to its original shipyard which was established in 1976 to build fishing vessels. In 1981, Eastern expanded manufacturing to include a broad range of many types of vessels and has since delivered more than 350 diversified vessels. Eastern Shipbuilding is a mid-sized tier 2 shipyard primarily engaged in new construction and repair of government and commercial vessels in Bay County, Florida. In 2016, the US Coast Guard awarded its largest ever vessel procurement contract to Eastern. The contract is initially for a series of 9 Offshore Patrol Cutters (OPC) over 10 years and the program of record is for a total of 25 vessels over the next 20 years. The total manufacturing contract value is more than \$10 Billion.

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

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

Eastern's historical success, significant investments and future workload leads to this proposal which creates opportunities for revitalization of Gulf County's economy. Eastern commenced in 2017 with the rehabilitation of property historically used as the St Joe Papermill and the adjacent deepwater port. To prepare the site Eastern proposes the following needs be completed (1) repairs and rehabilitation to existing wharf (2) dry dock design, construction and use, (3) upland improvements design, construction and use and (4) dredge area permitting, design, spoil removal and spoil disposal.

In its 2017 regular session, the Florida Legislature appropriated a total of \$6 million for this project, of which \$1 million was designated for dredging and \$5 million for infrastructure and costs associated with construction of the floating dry dock. The Joint Participation Agreement between the Florida Department of Transportation and the Gulf County Commission in the amount of \$5,000,000.00 towards costs for engineering design and construction of a floating dry dock and related infrastructure necessary for operations at Port St Joe include but are not limited to construction materials, supplies and related equipment for the dry dock as well as engineering design, design licensing and construction of related upland improvements, utilities and appurtenances.

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

The Joint Participation Agreement between the Florida Department of Transportation and the Gulf County Commission includes \$1,000,000.00 for the engineering design, permitting, mobilization and dredging to a depth of at least -45 feet at or near the proposed submergence location of the floating dry dock and -35 feet along the remainder of the bulkhead at Port St Joe in an approximate area of 100' x 1,000'. Gulf County will assist with the disposition of spoils. The estimated dredging cost is \$1,900,000.00 of which \$1,000,000.00 has already been appropriated by the Florida Legislature.

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

Eastern's establishment of this new ship repair, outfitting and haul out facility in Port St Joe is contingent upon Gulf County securing funding with executed Triumph grant award agreement(s) of approximately \$34 Million prior to November 30, 2018.

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

**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:**

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

Construction: \$32,325,000.00

Reconstruction: \$200,000.00

Design & Engineering:

Land Acquisition:

Land Improvement: \$1,900,000.00

Equipment Supplies:

Salaries:

Other (specify):

**Total Project Costs: \$34,425,000.00**

**B. Other Project Funding Sources:**

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

City/County \$

Private Sources \$

Other (e.g., grants, etc.) \$6,000,00.00

**Total Other Funding: \$6,000,000.00**

**Total Amount Requested: \$28,425,000.00**

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

**Letters of Support**

Gulf County Board of County Commissioners