

EASTERN SHIPBUILDING GROUP

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October 2, 2018

Florida Triumph Gulf Coast, Inc.
PO Box 12007
Tallahassee, Florida 32317

Attention: Cori Henderson

Subject: Supplemental application information for Triumph Application #55 Eastern Shipbuilding Group, Inc.

Dear Cori,

Pursuant to the meeting we had with you and Dr. Harper, enclosed kindly find supplemental information for the existing Eastern Shipbuilding Group, Inc. application on file with Triumph Gulf Coast. Enclosed you will find an updated project narrative including the project budget, an excel version of the project budget, and an updated project budget section of the Triumph application.

Please let us know if you have questions and thank you for your consideration.

Sincerely,
Eastern Shipbuilding Group, Inc.



Joseph D'Isernia

Cc: Dr. Rick Harper
Ms. Susan Skelton

PUBLIC-PRIVATE PARTNERSHIP AND PUBLIC PURPOSE

Eastern's project is supported by a number of public-private partnerships but the nature of the project does not lend itself to a public-private application in the traditional sense. While the project entails improvement of a private shipbuilding facility with private and public capital, as well as the dredging of public waterways, both the facility and the improvements will be dedicated exclusively for 20 years or more to public purpose, namely the construction of Government-owned vessels to support national defense.

The Federal Government does not build its own national security and defense vessels and does not own or operate industrial facilities for that purpose. Rather it turns to private contractors and relies on the nation's privately-owned shipbuilding industrial base. Contractors who wish to be part of that industrial base to supply the Government's needs are required to prohibit public access to the facilities where the Government's work is being conducted. As a result, Eastern's project does not lend itself to a joint application by public and private parties. The public-private nature and public purpose of Eastern's project is further described below.

Background of Applicant

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.

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 OPC 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 defense industrial base.

Federal law requires the Department of Defense to annually evaluate and issue a report to Congress on the status and capabilities of the nation's defense industrial base which is essentially a partnership of private industries and contractors, Government entities, non-profit research entities

and public and private universities. “The mission of the manufacturing and industrial base policy is to monitor, preserve, and enhance the national security industrial base of the United States.”¹.

In its annual report to Congress for Fiscal Year 2017 (Released in March 2018) the Department of Defense noted that there are relatively few shipyards in the U.S. shipbuilding defense industrial base. The report stated that the “shipbuilding defense industrial base consists primarily of seven shipyards owned by four companies and their suppliers.” None of those shipyards are in Florida and all of them compete for Government contracts, including the OPC contract. The Report indicated that while the shipbuilding sector remained stable during fiscal year 2017, the number of domestic shipyards has declined over the last two decades, the increase in Government ship construction demand will strain the current U.S. shipbuilding sector, and that, “one of the challenges for the Department of Defense is to maintain a healthy industrial base capable of supporting the fleet growth.” This is accomplished in part by Government decisions to single or sole source ship construction projects to those limited number of shipyards comprising the defense industrial base in order to ensure that their financial health and long term capabilities remain intact as a matter of national security.

From a shipbuilder’s perspective, the only way to become a part of the Government’s preferred defense industrial base is to dedicate shipyard facilities exclusively to the Government’s shipbuilding needs and invest capital into shipyard infrastructure that is uniquely tailored to the Government’s shipbuilding needs. In essence, the shipyard commits its facilities and capital exclusively to the Government’s ship construction needs in order to maintain the construction capability needed for national security. In exchange, the Government commits to make Government ship procurement decisions in a manner that preserves the stability and resiliency of the shipbuilding defense industrial base, also for the purpose of meeting national security needs. As a result of this exchange, a public-private partnership is formed.

This partnership is central to Eastern’s Triumph application. While it is not contractually required to do so, and while Eastern could preserve its capital and complete the OPC contract with less cost, 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 and other potential Government shipbuilding programs. 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 OPC vessels.

Eastern therefore made the decision to dedicate its Nelson Street shipyard facility exclusively to Government shipbuilding, starting with the OPC contract under which the yard will construct public assets for the public purpose of national defense. The dedication and improvement of this

¹ Honorable Rick Larsen: HEARING BEFORE THE PANEL ON BUSINESS CHALLENGES WITHIN THE DEFENSE INDUSTRY OF THE COMMITTEE ON ARMED SERVICES HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION

private facility to this public purpose is expected to last a minimum of 20 years and is the first critical step to establishing Eastern as a member of the Government's shipbuilding defense industrial base. Given the local region's existing presence and support for national defense, the addition of a government shipbuilding facility will strengthen that presence and support even further, thereby facilitating the region's long term job growth and stability.

Public Funding and Acknowledgement of Public Purpose

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 help those shipyards compete against Eastern to win 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 on private property and related dredging in Bay County and \$6.0 Million toward a floating dry dock, related shipyard infrastructure on private property, 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 absorb \$450,000 of expense for disposal of dredged material. Eastern and Bay County are continuing discussions and Bay County may agree to absorb more cost 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.

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.

REVISED PROJECT DETAILS

The specific items and their estimated costs which comprise the project, along with the funding source for each item are detailed in the chart below:

NELSON SHIPYARD FACILITY OPC PROJECT

ITEM DESCRIPTION ESTIMATED COST AND
FUNDING SOURCE

1	Offshore Patrol Cutter proposal and contract capture costs during the proposal phases prior to award of the OPC contract	\$ 5,500,000.00 EASTERN	Includes all non-reimbursable costs associated with participation in the OPC pre-award proposal phases.
2	Initial dredging in way of Nelson street launchway and outfitting berth and stormwater system mods at Nelson six acre facility	\$ 1,000,000.00 EASTERN	Includes all costs associated with permitting and dredging the area IWO the launch slip and the outfitting berth at Nelson Street shipyard.
3	Value of ESG granting the US Coast Guard exclusive use of the Nelson Street Facility for construction of the 25 USCG Offshore Patrol Cutters.	\$ 12,500,000.00 EASTERN	Valuation of Nelson Street shipyard and equipment.
4	land acquisition and improvements on east side of East Avenue to support expanded employee parking needs for OPC contract	\$ 200,000.00 EASTERN	Includes costs associated with purchasing lots east of East Avenue and performing building demolition and land clearing.

5	Land acquisition to support construction of ESG OPC Program Management Office (OPC PMO) and associated improvements	\$ 875,000.00 EASTERN	Includes costs associated with real estate purchases and improvements to same in order to support construction of OPC PMO offices.
6	Purchase and installation of structural roll machine to support construction of the OPC.	\$ 1,500,000.00 EASTERN	Includes all costs associated with purchase, installation and commissioning of Davi structural roll machine including associated tooling.
7	Purchase and installation of two hydraulic pipe bending machines to support construction of the OPC.	\$ 750,000.00 EASTERN	Includes all costs associated with purchase, installation and commissioning of Hines pipe roll machines including associated tooling.
8	Purchase and installation of Phase I USCG Project Resident Office (PRO) to later become permanent USCG PCAF/PRECOMDET facility.	\$ 750,000.00 EASTERN	Includes all costs associated with the purchase, installation, and outfitting of the Phase I PRO office.
9	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 EASTERN	Includes all costs associated with 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.

10	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	\$ 2,850,000.00 EASTERN	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 100x300 warehouse.
11	Route power lines underground in Nelson Street right-of-way to support large module moves across Nelson Street	\$ 150,000.00 EASTERN	Includes all costs associated with routing the existing Nelson street overhead power lines underground from East avenue extending approximately 1000' to the west.
12	Construction of additional platens for new vessel module construction - Phase One	\$ 1,000,000.00 EASTERN	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.
13	Conversion of existing machine and fabrication shop at Nelson Street to a steel fabrication building to support construction of the OPC.	\$ 250,000.00 EASTERN	Includes removal and relocation of existing machining equipment and modifications to building necessary to convert it to a steel fabrication building.

14	Expansion and modification of existing "New Prefab Building" for use as an aluminum fabrication and pre-fabrication building for OPC (phase 1)	\$ 250,000.00 EASTERN	Remove existing rails inside of building, demo existing concrete and supports in way of the rails, pour level concrete surface in way of affected area.
15	Watson Bayou Channel Dredging to support water depth requirements for construction of OPC.	\$ 2,000,000.00 FDOT/ BAY COUNTY	Includes all costs associated with the permitted dredging at the Nelson Street facility in way of the channel leading from the launch basin to the mouth of Watson Bayou.
16	Construction of permanent office space for USCG Project Resident Team (USCG PRO office).	\$ 2,750,000.00 FDOT/ BAY COUNTY	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 communications systems, and needed electronics
17	Construction of a production facility building at Allanton facility to support C4ISR automation and electronics testing for OPC.	\$ 3,000,000.00 FDOT/ BAY COUNTY	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.
18	Construction of additional platens for OPC module construction at Nelson Street shipyard - Phase One	\$ 250,000.00 FDOT/ BAY COUNTY	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.

19	Construction of additional warehouse space at Nelson Street Facility to support construction of OPC.	\$ 1,500,000.00 FDOT/ BAY COUNTY	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.
20	Dredging and infrastructure improvements to ESG's Port Saint Joe vessel outfitting facility	\$ 6,000,000.00 FDOT/ GULF COUNTY	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 OPC vessel repair.
21	Dredge spoils disposal fees for initial dredging in way of Nelson Street launchway and outfitting berth.	\$ 450,000.00 BAY COUNTY	Includes the costs associated with disposal of the dredge spoils in an approved landfill.
22	Purchase and install new Messer MPC2030 Multi Process Precision Plate Cutting System to support OPC steel and aluminum plate cutting and marking.	\$ 530,000.00 U.S. MARITIME ADMIN.	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.

23	Dredging in way of the east yard expansion at the Nelson Street Facility to support construction of an outfitting berth for OPC.	\$ 9,000,000.00 TRIUMPH	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 whitaker pier.
24	Expansion and modification of existing "New Prefab Building" for use as an aluminum fabrication and pre-fabrication building for OPC (phase2).	\$ 5,000,000.00 TRIUMPH	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.
25	Demolition of the existing Nelson/Whitaker upland bulkhead and replacement with steel bulkhead to support enlarged vessel assembly area for OPC construction - Phase One	\$ 2,550,000.00 TRIUMPH	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

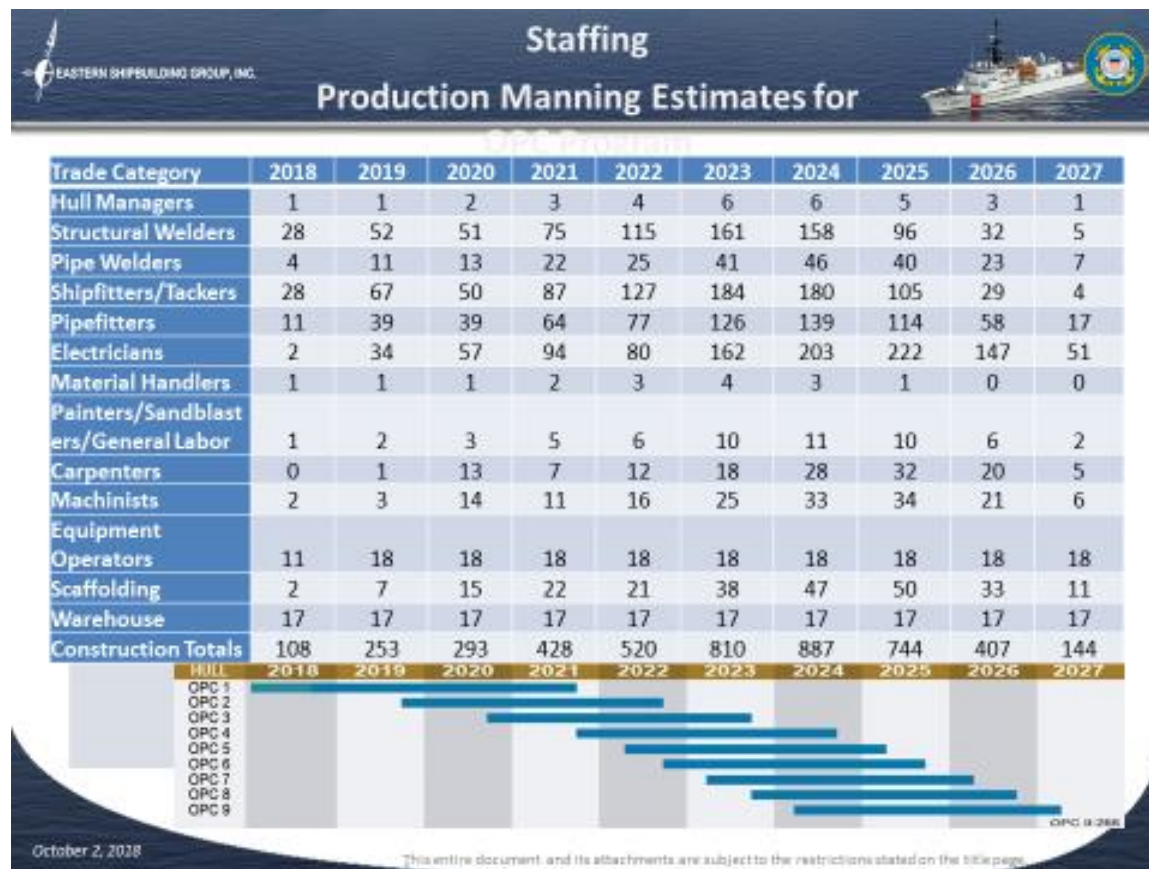
			bulkhead. Includes costs associated with stormwater modifications.
26	Demolition of the existing Nelson/Whitaker upland bulkhead and replacement with steel bulkhead to support enlarged vessel assembly area for OPC construction - Phase Two	<p>\$ 1,250,000.00</p> <p>TRIUMPH</p>	Includes all cost to demolish 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. Includes costs associated with stormwater modifications.
27	Extension of the Nelson/Whittaker bulkhead along the shoreline to support enlarged OPC launch area and outfitting berth - Phase One	<p>\$ 1,250,000.00</p> <p>TRIUMPH</p>	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. Includes costs associated with stormwater modifications.

28	Extension of the Nelson/Whittaker bulkhead along the shoreline to support enlarged OPC launch area and outfitting berth - Phase Two	<p>\$ 2,250,000.00</p> <p>TRIUMPH</p>	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 to include the remaining 585' of bulkhead extension at the east yard expansion. Includes costs associated with stormwater modifications.
29	Construction of additional platens at Nelson Street shipyard for OPC module construction - Phase Two	<p>\$ 800,000.00</p> <p>TRIUMPH</p>	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. Also includes all costs associated with demolition of existing structures and subsequent ground leveling and site preparation. This includes but is not limited to the whitaker production office, and whitaker shoreside warehouses. Demolition of upland structures can be accomplished in phases.
30	Conversion of existing Nelson Street launch ways to rocker beam type launch ways, installation of additional transfer rails for vessel transfer	<p>\$ 4,000,000.00</p> <p>TRIUMPH</p>	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.

	Project Total	\$ 70,405,000.00	
		SUMMARY OF PROJECTED FUNDING SOURCES:	
		\$ 27,825,000.00	Share of the project already funded by ESG
		\$ 9,500,000.00	FLDOT/Bay County Share to be spent towards Bay County shipbuilding infrastructure and dredging
			\$2 mil from FLDOT for Bay County Dredging
			\$7.5 mil from FLDOT for Bay County Infrastructure
		\$ 6,000,000.00	FLDOT/Gulf County Share to be spent towards Gulf County dredging and infrastructure
			\$1 mil from FLDOT for Gulf County dredging
			\$5 mil from FLDOT for Gulf County Infrastructure
		\$ 450,000.00	Share of the project already funded by Bay County for dredge spoils disposal
		\$ 530,000.00	Share of the project already funded by the United States Maritime Administration
		\$ 26,100,000.00	Remaining Share of the project: Triumph \$20,000,000 Eastern/Other Sources \$6,100,000

UPDATED JOB AND ECONOMIC IMPACT

Direct employees hired by eastern to perform the OPC contract 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. Below is a chart of the expected number of jobs in each construction job category throughout construction of OPC's 1 through 9:



All of these jobs are expected to earn above minimum wage with the vast majority being compensated at hourly rates of \$11.50 to \$22.50 or more. Annual gross compensation for such jobs will range between \$22,000.00 and \$60,000 or more plus benefits. Below is a chart of the various ship construction job categories and the wage range for each:

Shipfitter, Structural Welder, & Pipefitter Trainees

<u>Class/Level</u>	<u>Trng Start Rate</u>	<u>Trng Completion Rate</u>
Trainee	\$10.50/hr.	\$12.00/hr.

General Labor

<u>Class/Level</u>	<u>Experience Level</u>	<u>Minimum Rate</u>	<u>Maximum Rate</u>
Helper	0 – 24+ months	\$11.50/hr.	\$14.50/hr.

Warehouse/Tool Room/Housekeeping

<u>Class/Level</u>	<u>Experience Level</u>	<u>Minimum Rate</u>	<u>Maximum Rate</u>
Helper – 1 st Class	0 – 36+ months	\$11.50/hr.	\$18.50/hr.

Craft Helpers

<u>Class/Level</u>	<u>Experience Level</u>	<u>Minimum Rate</u>	<u>Maximum Rate</u>
Helper	0 – 24+ months	\$11.50/hr.	\$12.75/hr.

Safety & Environmental Reps, QA Inspectors, Shipfitters, Structural & Pipe Welders, Equipment Operators, Pipefitters, Material Processing, Inside & Outside Machinists, Electricians, Painters/Sandblasters, Carpenters, and Mechanics

<u>Class/Level</u>	<u>Experience Level</u>	<u>Minimum Rate</u>	<u>Maximum Rate</u>
3 rd Class	12 – 24 months	\$13.00/hr.	\$15.50/hr.
2 nd Class	24 – 36 months	\$15.75/hr.	\$18.00/hr.
1 st Class	36+ months	\$18.25/hr.	\$22.50/hr.

Supervisors & Foreman

<u>Class/Level</u>	<u>Minimum Rate</u>	<u>Maximum Rate</u>
Supervisor	\$22.75/hr.	\$25.50/hr.
Foreman	\$25.75/hr.	\$29.00/hr.

In addition, Eastern provides an attractive fringe benefits package to its employees. Eastern pays 100% of medical, dental, and group life insurance for its full time employees and pays 65-75% of

an employee's dependent coverage. Eastern offers participation in a 401(k) retirement plan that includes formula matching contributions by the employer. Eastern also provides paid vacation and paid holidays, including paid time off for the employee's birthday.

It should also be noted that in addition to the above construction jobs, Eastern will also directly employ approximately 70 full time personnel in Eastern's OPC Project Management Office and the United States Coast Guard will itself station approximately 90 full time Coast Guardsmen at the Coast Guard's Project Resident Office located at the shipyard. Together these add approximately 160 full time non-construction personnel directly supporting the OPC program.

UPDATED TIMELINE

In September, 2018, the Government exercised its option to build the first OPC which will be delivered in 2021 and also exercised its option to acquire Long Lead Time Material for the second OPC. It is expected that the Government will exercise its option to build the second OPC in September 2019 as well as the option for Long Lead Time Material for the third OPC. Subsequent options for subsequent OPC's are expected to be exercised at least as often as annually thereafter. Because the construction of each OPC vessel is structured as an option held by the Government, it is necessary that Eastern continue to induce the Government to exercise each option. To accomplish this, Eastern has decided to dedicate its Nelson Street shipyard facility exclusively to Government shipbuilding, make all shipyard improvements that are attractive to the Government, and firmly establish the Nelson Street shipyard as the single best location to continue constructing OPC's.

To accommodate this schedule and provide this continual inducement, Eastern plans to complete the above shipyard infrastructure improvements and dredging activities as well as other items of the project on the following schedule:

Item	Description	Projected Start	Projected Finish
1	Offshore Patrol Cutter proposal and contract capture costs during the proposal phases prior to award of the OPC contract	September 2012	September-18
2	Initial dredging in way of Nelson street launchway and outfitting berth and stormwater system mods at Nelson six acre facility	January-18	April-18
3	Grant to the US Coast Guard exclusive use of the Nelson Street Facility for construction of the 25 USCG Offshore Patrol Cutters.	September-18	September-38
4	Land acquisition and improvements on east side of East Avenue to support expanded employee parking needs for OPC contract	March-16	August-18

5	Land acquisition to support construction of ESG OPC Program Management Office (OPC PMO) and associated improvements	May-14	December-18
6	Purchase and installation of structural roll machine to support construction of the OPC.	December-17	August-18
7	Purchase and installation of two hydraulic pipe bending machines to support construction of the OPC.	November-17	August-18
8	Purchase and installation of Phase I USCG Project Resident Office (PRO) to later become permanent USCG PCAF/PRECOMDET facility.	December-16	June-17
9	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
10	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
11	Route power lines underground in Nelson Street right-of-way to support large module moves across Nelson Street	February-18	December-18

12	Construction of additional platens for new vessel module construction - Phase One	June-18	October-18
13	Conversion of existing machine and fabrication shop at Nelson Street to a steel fabrication building to support construction of the OPC.	February-18	October-18
14	Expansion and modification of existing "New Prefab Building" for use as an aluminum fabrication and pre-fabrication building for OPC (phase 1)	August-18	September-18
15	Watson Bayou Channel Dredging to support water depth requirements for construction of OPC.	October-18	February-19
16	Construction of permanent office space for USCG Project Resident Team (USCG PRO office).	September-17	September-19
17	Construction of a production facility building at Allanton facility to support C4ISR automation and electronics testing for OPC.	January-18	May-19
18	Construction of additional platens for OPC module construction at Nelson Street shipyard - Phase One	June-18	September-18
19	Construction of additional warehouse space at Nelson Street Facility to support construction of OPC.	January-18	May-19
20	Dredging and infrastructure improvements to ESG's Port Saint Joe vessel outfitting facility	June-17	June-19

21	Dredge spoils disposal fees for initial dredging in way of Nelson Street launchway and outfitting berth.	January-18	April-18
22	Purchase and install new Messer MPC2030 Multi Process Precision Plate Cutting System to support OPC steel and aluminum plate cutting and marking.	April-15	September-17
23	Dredging in way of the east yard expansion at the Nelson Street Facility to support construction of an outfitting berth for OPC.	June-17	December-19
24	Expansion and modification of existing "New Prefab Building" for use as an aluminum fabrication and pre-fabrication building for OPC (phase2).	January-18	December-19
25	Demolition of the existing Nelson/Whitaker upland bulkhead and replacement with steel bulkhead to support enlarged vessel assembly area for OPC construction - Phase One	January-18	February-19
26	Demolition of the existing Nelson/Whitaker upland bulkhead and replacement with steel bulkhead to support enlarged vessel assembly area for OPC construction - Phase Two	January-18	May-19
27	Extension of the Nelson/Whittaker bulkhead along the shoreline to support enlarged OPC launch area and outfitting berth - Phase One	February-18	March-19

Eastern Shipbuilding Group, Inc. supplement to Triumph application

28	Extension of the Nelson/Whittaker bulkhead along the shoreline to support enlarged OPC launch area and outfitting berth - Phase Two	February-18	June-19
29	Construction of additional platens at Nelson Street shipyard for OPC module construction - Phase Two	October-21	March-22
30	Conversion of existing Nelson Street launch ways to rocker beam type launch ways, installation of additional transfer rails for vessel transfer	January-18	April-19

SUPPLEMENTAL BUDGET AND FUNDING INFORMATION

Since the submission of its original application, Eastern and its public partners have continued to invest their share of the project budget and make contributions of committed capital toward completion of the project. As can be seen from the revised schedule and budget above, portions of the project have been completed and funded by sources other than Triumph funds. Triumph funds will be the last funds expended.

Further as a result of the US Government's imposition of tariffs on steel and aluminum Eastern's costs for these materials and component parts made from these materials have increased substantially, in some cases as much as twice the cost before the tariffs were imposed.

As a result, the costs for completing portion of the project have increased. Nonetheless Eastern is not increasing the amount of its funding request.

SUPPLEMENT TO 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 dedicated exclusively for a 20 year period of time or more to the construction of OPC vessels for the Government so that the USCG can perform missions of border protection, offshore rescue, drug interdiction, and other missions of the US Department of Homeland Security.

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 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 28%
(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	<u>\$ 17,550,000</u>
Reconstruction	<u>\$ 9,700,000</u>
Dredging	<u>\$ 18,450,000</u>

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

Construction	<u>\$ _____</u>
Reconstruction	<u>\$ _____</u>
Design, Engineering, and Proposal Development	<u>\$ 5,500,000</u>
Land Acquisition	<u>\$13,575,000</u>
Land Improvement	<u>\$ _____</u>
Equipment	<u>\$ 5,630,000</u>
Supplies	<u>\$ _____</u>
Salaries	<u>\$ _____</u>

Eastern Shipbuilding Group, Inc. Supplement

Other (specify) \$ _____

Total Project Costs: \$70,405,000

B. Other Project Funding Sources: \$50,405,000

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

City/County \$450,000

State Legislature \$15,500,000

US Maritime Administration \$ 530,000

Private Sources \$33,925,000

Total Other Funding \$50,405,000

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.

USCG Offshore Patrol Cutter Shipyard Infrastructure Improvements Project Budget

Cost Estimates

10/1/18

Item	Description	Estimated Cost		Projected Start Design/Construction	Projected Finish Construction	Funding Source
1	Offshore Patrol Cutter proposal and contract capture costs during the proposal phases prior to award of the OPC contract	\$ 5,500,000.00	Includes all non-reimbursable costs associated with participation in the OPC pre-award proposal phases.	September 2012	September-16	ESG
2	Initial dredging in way of Nelson street launchway and outfitting berth and stormwater system mods at Nelson six acre facility	\$ 1,000,000.00	Includes all costs associated with permitting and dredging the area IWO the launch slip and the outfitting berth at Nelson Street shipyard.	January-18	April-18	ESG
3	Value of ESG granting the US Coast Guard exclusive use of the Nelson Street Facility for construction of the 25 USCG Offshore Patrol Cutters.	\$ 12,500,000.00	Valuation of Nelson Street shipyard and equipment.	September-18	September-38	ESG
4	Land acquisition and improvements on east side of East Avenue to support expanded employee parking needs for OPC contract	\$ 200,000.00	Includes costs associated with purchasing lots east of East Avenue and performing building demolition and land clearing.	March-16	August-18	ESG
5	Land acquisition to support construction of ESG OPC Program Management Office (OPC PMO) and associated improvements	\$ 875,000.00	Includes costs associated with real estate purchases and improvements to same in order to support construction of OPC PMO offices.	May-14	December-18	ESG
6	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.	December-17	August-18	ESG
7	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.	November-17	August-18	ESG
8	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.	December-16	June-17	ESG
9	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 associated with 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.	January-18	June-18	ESG
10	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	\$ 2,850,000.00	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 100x300 warehouse.	April-15	September-17	ESG
11	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 1000' to the west.	February-18	December-18	ESG
12	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.	June-18	October-18	ESG
13	Conversion of existing machine and fabrication shop at Nelson Street to a steel fabrication building to support construction of the OPC.	\$ 250,000.00	Includes removal and relocation of existing machining equipment and modifications to building necessary to convert it to a steel fabrication building.	February-18	October-18	ESG
14	Expansion and modification of existing "New Prefab Building" for use as an aluminum fabrication and pre-fabrication building for OPC (phase 1)	\$ 250,000.00	Remove existing rails inside of building, demo existing concrete and supports in way of the rails, pour level concrete surface in way of affected area.	August-18	September-18	ESG
15	Watson Bayou Channel Dredging to support water depth requirements for construction of OPC.	\$ 2,000,000.00	Includes all costs associated with the permitted dredging at the Nelson Street facility in way of the channel leading from the launch basin to the mouth of Watson Bayou.	October-18	February-19	FLDOT/Bay County
16	Construction of permanent office space for USCG Project Resident Team (USCG PRO office).	\$ 2,750,000.00	Design/build of a two story approximately 60'x110' metal building wit 25' eave. Cost includes all site preparation, foundation work, utilities, outfitting of the buildings with furniture, communications, and needed electronics	September-17	September-19	FLDOT/Bay County
17	Construction of a production facility building at Allenton facility to support CAISR automation and electronics testing for OPC.	\$ 3,000,000.00	Design/build metal building. Aproximate 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.	January-18	May-19	FLDOT/Bay County
18	Construction of additional platens for OPC module construction at Nelson Street shipyard - Phase One	\$ 250,000.00	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.	June-18	September-18	FLDOT/Bay County
19	Construction of additional warehouse space at Nelson Street Facility to support construction of OPC.	\$ 1,500,000.00	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.	January-18	May-19	FLDOT/Bay County
20	Dredging and infrastructure improvements to ESG's Port Saint Joe vessel outfitting facility	\$ 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 OPC vessel repair.	June-17	June-19	FLDOT/Gulf County
21	Dredge spoils disposal fees for initial dredging in way of Nelson Street launchway and outfitting berth.	\$ 450,000.00	Includes the costs associated with disposal of the dredge spoils in an approved landfill.	January-18	April-18	Bay County
22	Purchase and install new Messer MPC2030 Multi Process Precision Plate Cutting System to support OPC steel and aluminum plate cutting and marking.	\$ 530,000.00	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.	April-15	September-17	United States Maritime Administration
23	Dredging in way of the east yard expansion at the Nelson Street Facility to support construction of an outfitting berth for OPC.	\$ 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.	June-17	December-19	Triumph
24	Expansion and modification of existing "New Prefab Building" for use as an aluminum fabrication and pre-fabrication building for OPC (phase 2).	\$ 5,000,000.00	Design/build metal building with overhead cranes. Aproximate 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.	January-18	December-19	Triumph
25	Demolition of the existing Nelson/Whittaker upland bulkhead and replacement with steel bulkhead to support enlarged vessel assembly area for OPC construction - Phase One	\$ 2,550,000.00	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. Includes costs associated with stormwater modifications.	January-18	February-19	Triumph

26	Demolition of the existing Nelson/Whittaker upland bulkhead and replacement with steel bulkhead to support enlarged vessel assembly area for OPC construction - Phase Two	\$ 1,250,000.00	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. Includes costs associated with stormwater modifications.	January-18	May-19	Triumph
27	Extension of the Nelson/Whittaker bulkhead along the shoreline to support enlarged OPC launch area and outfitting berth - Phase One	\$ 1,250,000.00	Includes all costs associated with extending the existing shoreline 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. Includes costs associated with stormwater modifications.	February-18	March-19	Triumph
28	Extension of the Nelson/Whittaker bulkhead along the shoreline to support enlarged OPC launch area and outfitting berth - Phase Two	\$ 2,250,000.00	Includes all costs associated with extending the existing shoreline 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 to include the remaining 585' of bulkhead extension at the east yard expansion. Includes costs associated with stormwater modifications.	February-18	June-19	Triumph
29	Construction of additional platens at Nelson Street shipyard for OPC module construction - Phase Two	\$ 800,000.00	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. Also 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 shoreline warehouses. Demolition of upland structures can be accomplished in phases.	October-21	March-22	Triumph
30	Conversion of existing Nelson Street 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.	January-18	April-19	Triumph
Project Total		\$ 70,405,000.00				
		\$ 27,825,000.00	Share of the project already funded by ESG			
		\$ 9,500,000.00	FLDOT/Bay County Share to be spent towards Bay County shipbuilding infrastructure and dredging \$2 mil from FLDOT for Bay County Dredging \$7.5 mil from FLDOT for Bay County Infrastructure			
		\$ 6,000,000.00	FLDOT/Gulf County Share to be spent towards Gulf County dredging and infrastructure \$1 mil from FLDOT for Gulf County dredging \$5 mil from FLDOT for Gulf County Infrastructure			
		\$ 450,000.00	Share of the project already funded by Bay County for dredge spoils disposal			
		\$ 530,000.00	Share of the project already funded by the United States Maritime Administration			
		\$ 26,100,000.00	Share of the project for which Triumph funding will be utilized			