

Application Score Sheet

Proposed Project: Walton County, US 331 and US 90 Corridor Utility Expansion Project
Proposed Project/Program County: Walton
Board of County Commission Support: Yes

Total Projected Project Cost: \$31,913,468
Match Provided: \$17,666,000.00
Triumph Funds Requested: \$14,247,468.00 (45%)
Triumph Funds Recommended by Staff: \$0

Score: C
Date: January 7, 2019

Economic Impact Analysis and Score

The Walton BOCC proposal describes a 5-year project to fund extension of an 11-mile 30” water transmission line for the Choctawhatchee Bay to the existing Owl’s Head wellfield north of Freeport. The applicant notes that adequate water is a linchpin for site-ready transformational projects that will enhance economic development success. The project requests \$14,247,468 in Triumph funding. The Walton BOCC has committed \$5 million from RESTORE Act Pot 1 funding, and \$12.666 million from RESTORE Act Pot 3 funding for a total match of \$17.666 in match. Triumph funding would then be 44.64 percent of the estimated total project cost of \$31,913,468

As is noted in the application, the proposed project is part of Walton County’s larger economic development plan for US 331 and US 90 corridor development. To date, Walton County and the State of Florida invested approximately \$200 million in the US Highway 331 improvement infrastructure project, which has been a key factor in the economic development of the county. The county will soon complete a four-lane widening and bridge expansion project along the US 331 corridor. Developing and enhancing the water and wastewater availability is the next step in realizing the economic development potential along the US 331 and US 90 corridor in Walton County. According to the economic analysis of this project, the water and wastewater expansion project has the potential to create thousands of jobs.

Walton County recorded the highest annual growth among all 67 counties in gross domestic product for the most recent data year, according to the U.S. Bureau of Economic Analysis. It usually ranks among the top counties nationally in terms of population growth. However, it appears that the proposed project supplants spending that would normally be financed by local sources, including revenue bonds (to be paid off by charges to water users), impact fees (also paid by users, and the source of the 51 percent local match), or other local sources. Thus, it appears that the Triumph funding would simply be used to offset costs that would otherwise be funded elsewhere. The proposal does not identify job creation that can be attributed specifically to the installation of these assets.

For these reasons, staff assign the project a grade of “C” and do not recommend moving it forward for Triumph Board consideration.

Project Summary (based on information provided by the applicant)

Walton County is requesting \$14,247,468.00 in Triumph Funds for the US 331 and US 90 Corridor Utility Expansion Project to upgrade and construct approximately 23 miles of water and wastewater infrastructure in ten defined segments. Under a Cooperative Inter-Local Agreement, Walton County is collaborating with the City of Freeport and the City of DeFuniak Springs to facilitate development along the US 331 and US 90 corridors from Choctawhatchee Bay to DeFuniak Springs.

The proposed utility project is part of Walton County's larger economic development plan for the US 331 and US 90 corridor development. Walton County, the sixth fastest growing county in the nation, and the State of Florida have invested approximately \$200 million in the US Highway 331 improvement infrastructure project. The county expects to complete a four-lane widening and bridge expansion project along the US 331 corridor in the near future. Developing and enhancing the water and wastewater availability is the next step in developing the readiness of the US 331 and US 90 corridor in Walton County for economic development.

Located centrally in Walton County, the City of Freeport and its utility franchise area extend along the US 331 Corridor from the Choctawhatchee Bay to just north of Wagon Wheel Road. Some areas within the utility franchise have minimal water and wastewater service. The existing infrastructure along US 331 does not have the capacity to meet future growth or expansion.

The proposed improvements are needed to promote commercial development as well as allow existing and proposed residential neighborhoods located along the Choctawhatchee Bay to connect to City wastewater service and eliminate existing septic systems. The five-mile section of US 331 located north of the intersection with SR 20 is comprised of almost new construction for water and wastewater.

Located towards the northern part of Walton County, the City of DeFuniak Springs and its utility franchise area abut the City of Freeport just north of Wagon Wheel Road and continues north along US 331. The proposed project area includes the section of US 331 located south of the US 90 intersection.

DeFuniak Springs has water and wastewater infrastructure in place north of I-10 to meet current demands, however, utilities south of I-10 are limited and undersized for future growth and development. Based on the City's configuration and location of the wastewater treatment facility (WWTF) and potable water supply wells, upgrades and expansion are necessary throughout the corridor to allow for development south of I-10 along the US 331 corridor.

Walton County is looking at two new potential locations for economic development along Highway 90 east and west of Defuniak Springs city limits in unincorporated county. This project proposes to expand the existing Defuniak Springs water and sewer to provide utility resources to further develop those areas.

Walton County has identified the US 331 Corridor as an emerging growth area and has been priming the area for economic development. In 2014, through Ordinance 2015-06, the Walton County Board of County Commissioners designated the US 331 Corridor as a Tax Increment Area to promote economic growth and development by providing the necessary infrastructure along US 331. The existing infrastructure along US 331 does not have the capacity to meet future growth or expansion.

The Walton County US 331 Economic Development Corridor Plan Working Group was created to develop the US 331 Economic Development Corridor Plan. The Working Group has conducted a study of the US 331 corridor to evaluate potential areas for development and develop viable scenarios towards a sustainable and diversified economy. These developments would create jobs and industry in Walton County that would attract other businesses, from the construction industry to lodging to restaurants and retail, into the county.

The US Department of Commerce has designated a portion of the US 90 corridor an Opportunity Zone, which will provide federal tax incentives for businesses that are able to move into the region once water and wastewater infrastructure is constructed. And the US Department of Agriculture has designated portions of the county within the US 331 and US 90 corridors as Strike Force areas. This designation will provide the county with expedited access and assistance in securing federal funding that can be used to provide services and public facilities for the growing population in the region spurred by the construction of water and wastewater infrastructure.

In 2017, Florida Governor, Rick Scott signed an Executive Order (17-212), which designated all of Walton County north of the Choctawhatchee Bay as a Rural Area of Opportunity (RAO). Currently the land adjacent to US 331 is mostly rural and undeveloped. Development is limited along the US 331 and US 90 corridor due to the lack of adequate water and wastewater infrastructure. In some cases, development is not possible due to cost prohibitive factors of providing on-site wastewater collection and treatment and/or minimum fire suppression demands. The proposed water and wastewater expansion project is the next step of Walton County's comprehensive plan to create a vibrant and sustainable economy for all of Walton County.

Given the rapid economic growth in certain areas of Walton County where water and wastewater services have been expanded, a recent economic analysis shows that the area south of SR 20 to the Choctawhatchee Bay along US 331 could be fully developed within the commercial zones if water and wastewater infrastructure existed. This potentially represents \$150 million to \$300 million in development opportunity in this small portion of the project area.

In Walton County, twenty-five percent of employment is directly associated with the tourism industry, accounting for 22,000 tourism related jobs. As reported by the Haas Center for Business and Economic Development, the oil spill resulted in decreased tourism, which directly impacted economic drivers, including retail and construction, and dampened the local economy. Since the oil spill, Walton County has made it a priority to diversify the local economy and promote economic development.

US 331 is Walton County's primary travel and freight route as well as its only major evacuation route. It is the primary north-south arterial highway in Walton County that connects Alabama to the beaches of South Walton. Over the past several years, one of Walton County's priorities has been the widening of US 331 from a two-lane highway to a four-lane divided highway. As the new highway construction progresses, momentum and interest are building for economic development and growth along the US 331 corridor.

Once water and wastewater utilities are available, it is expected that significant commercial and industrial development would happen quickly along the 23-mile stretch of the US 331 corridor.

US 90 is one of the primary west-east arterial highways in Walton County. Most of the parcels along this corridor will consist of commercial or industrial development. Specifically, there is a potential mixed-use project site located centrally between Mossy Head and the City of DeFuniak Springs that needs water and wastewater services for development purposes. This project would extend water and wastewater services to the proposed site and provide opportunities for additional growth along the US 90 corridor.

Without water and wastewater infrastructure, Walton County is losing potential economic development opportunities. According to local real estate businesses and the Freeport City Planner, one to two commercial clients per week explore potential opportunities to expand their businesses into Walton County along the US 331 corridor, but due to the lack of existing water and wastewater infrastructure the companies are unable to locate their business in the county. If water and wastewater infrastructure were in place, development in all commercial zones along US 331 and US 90 would be possible. As it stands, the economic analysis suggests that the County is

missing out on billions of dollars in private sector investment due to the lack of water and wastewater infrastructure along the US 331 and US 90 corridors.

Mossy Head Industrial Park is a successful example of a coordinated effort to develop an economically sustainable area. In 2002, Walton County acquired 315 acres of land in the Mossy Head area in the northern part of the County to build the Mossy Head Industrial Park. The industrial park is in a prime location bordering Interstate 10 to the south and State Road 285 and US Highway 90 to the north. However, the site did not have proper water and wastewater infrastructure and sat idle.

In 2014, the State of Florida approved \$7.3 million in appropriations for infrastructure costs at the Mossy Head Industrial Park including \$3 million for roadway infrastructure and associated stormwater management facilities and \$4.3 million for expansion of water and wastewater infrastructure, underground utilities, and a landscaped entrance area into the industrial park. Additionally, a 250,000-gallon per day wastewater treatment facility was constructed at the industrial park. This new facility allowed Walton County to connect the Mossy Head Industrial Park to the existing water and wastewater systems and serve Mossy Head Industrial Park, Mossy Head Elementary School, residential areas, and commercial facilities in the Mossy Head area.

Today eight businesses (including one under construction) and a Sheriff's sub-station anchor the Mossy Head Industrial Park. These businesses have generated over \$50 million in private infrastructure investment and employ over 400 people.

In the City of Freeport, designated as a Rural Area of Opportunity (RAO), economic development was identified as critically important to Freeport's future. The City of Freeport Planning Department and the Walton County Planning Department have seen a significant increase in development discussions along the US 331 corridor related to the widening of the US 331 highway and the potential construction of water and wastewater infrastructure.

In the southern part of Walton County, Publix is the largest employer to come into Freeport with the expansion of US 331 and availability of water and wastewater infrastructure. The Freeport Industrial Park has attracted a variety of businesses in the past couple of years. Each business has added between 10 to 20 jobs, with several businesses poised to expand their operations and bring in additional jobs. The value of infrastructure added to these properties range between \$250,000 and \$800,000. The Freeport Industrial Park sold its last parcel in June 2018 and is fully occupied. The City of Freeport and Walton County Economic Development Alliance are looking for additional lands to expand this popular commercial business site.

Developing and enhancing the water and wastewater availability along the US 331 and US 90 corridors is the next step in realizing the economic development potential for Walton County. With the widening of US 331 and expansion of water and wastewater infrastructure, the US 331 and US 90 corridor is poised for economic development. According to an economic analysis performed for this project, the water and wastewater expansion project is estimated to potentially create thousands of net new jobs. Specifically, 7,258 to 9,515 jobs are projected to be above average wage jobs and of those jobs, 2,257 to 3,142 jobs are estimated to be 150% above average wage. The net new private sector investment for this project is anticipated to reach \$4.5 billion over ten years in Walton County.

Walton County is exploring opportunities for future potential private development as water and wastewater infrastructure becomes available including the Wayne Farm site a 540 acre parcel near US Highway 90 east of the City of DeFuniak Springs city limits and Owl's Head Farms a 1,400-acre parcel straddling US 331, just five miles north of SR 20.

The Defuniak Springs Airport Industrial Park has received strong business interest contingent upon improvements to site infrastructure. The Airport industrial Park is expected to create new jobs for area residents in the Defense, Aerospace and Aviation, and Manufacturing industry sectors and pay above average county wage.

As the largest installation in the Department of Defense, Eglin Air Force Base covers 724 square miles encompassing a fair amount of Walton County's land mass. The defense-related spending generates additional employment, wages, consumption, and investments throughout the county and continues to produce more spending as it circulates throughout the region's economy. The military installations in the county further generate employment by contracting with local businesses and national businesses that have facilities in the area. With water and wastewater infrastructure availability, future business and housing developments may help meet the demands and needs of the Eglin Air Force Base and create another opportunity for economic growth and business diversity in the county.

In addition to providing necessary infrastructure for manufacturing and technology industries and housing, Walton County is planning to use the development of the US 331 and US 90 corridors to address the economic disparity that exists between South Walton and the remainder of the county north of Choctawhatchee Bay. The latest U.S Census Reports define Walton County as the 6th fastest growing county in the United States. The County's population grew from 65,440 to 68,376 between 2016 and 2017 to U.S. Census data released March 2017, representing a 4.5% increase of 2,936 new citizens. However, the economic and income disparity between the North and South areas of Walton County ranks 24th in the nation, according to the Economic Policy Institute (EPI) with the top 1% averaging \$1,829,740 a year, while the bottom 99% making \$40,090.

This project in conjunction with the highway expansion would expand access for residents in the northern end of the county and create opportunities for more businesses to operate in areas currently not suitable for construction.

Most growth is occurring in South Walton County driven by the desire for coastal living. The impacts of this demand are evident in the traffic congestion along 30A and the cost of housing beyond the reach of the general workforce. With South Walton County predominantly built out – approximately one-third designated conservation and large-scale development such as the Bay-Walton Sector Plan projected to accommodate approximately 38,200 permanent residents at build-out, the growth opportunities for Walton County are north.

Well-planned and desirable developments have the potential to act as catalysts and inspiration for follow-on development including the mixed-use master-planned communities of South Walton County. Developments that leverage economic development programs such as Opportunity Zones can be used to spur economic development and job creation, and serve as regional economic development catalysts. Partnerships can create synergies leading to other economic development opportunities in related fields or with investors sharing similar supply chains.

The US 331 Economic Corridor Plan provides a framework to realize the economic development potential of the US 331 corridor while maintaining its multifunctional role. The Plan explores alternate potential build-out scenarios supported by economic development and land use policy, regulatory, and administrative recommendations to transform the corridor into an economic engine for Walton County into the future. Coupled with the assessment of economic conditions, programs, and economic development incentives, the Plan can be used to focus and unify economic development efforts to achieve the vision for the US 331 corridor.

The long-term impact of water and wastewater expansion project along the US 331 and US 90 corridor may be measured using the metrics such as property values, jobs created, and increased water billing.

The project will be operated and maintained by the City of Freeport and City of DeFuniak Springs. Walton County does not have franchise operations or collect any fees for this project, but the county is supporting the Cities of Freeport and DeFuniak Springs. Ongoing ownership, operations, and management of the franchise municipalities will be supported by user, impact, and planning fees.

Performance measures may include annual budgets, profits and losses, audited operations/compliance reporting, increased users/fees, building permits, and municipal and county-based ad valorem taxes within the defined corridor beyond the base year statistics.

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	<u>\$26,913,468</u>
Reconstruction	<u>\$0.00</u>
Design & Engineering	<u>\$5,000,000.00</u>
Land Acquisition	<u>\$0.00</u>
Land Improvement	<u>\$0.00</u>
Equipment	<u>\$0.00</u>
Supplies	<u>\$0.00</u>
Salaries	<u>\$0.00</u>
Total Project Costs:	\$31,913,468

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.)	<u>\$17,666,000.00</u>
Total Other Funding	<u>\$ 17,666,000.00</u>
Total Amount Requested:	\$ 14,247,468.00

*Walton County has committed \$5 Million from RESTORE Act funding (Pot 1) and \$12.666 Million from RESTORE Act funding (Pot 3), for a total match of \$17.666 Million

Letters of Support
Northwest Florida State College
Walton County EDA