

## **TRIUMPH GULF COAST, INC. PRE-APPLICATION FORM**

Triumph Gulf Coast, Inc. (“Triumph Gulf Coast”) has created a pre-application process to provide initial consideration of eligibility for potential ideas of projects or programs that may seek an award of funding. Applicants are required to participate in the pre-application process. Notwithstanding the response from Triumph Gulf Coast on the pre-application form, an Applicant may still elect to submit an Application.

### **APPLICANT INFORMATION**

Name of Individual/Entity/Organization: City of Panama City  
Proposal Title: Panama City Industrial Complex  
Amount of Triumph Funds Requested: \$20,025,000.  
Total Estimated Project Cost: \$74,405,000.

#### Brief Description of Individual/Entity/Organization:

The City is the county seat for Bay County in which approximately 36,000 residents called home prior to Hurricane Michael. Some of the county's largest employers are in this major industrial complex area located within the city.

#### Contact Information

Primary Contact: Nevin Zimmerman  
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Names of co-applicants, partners or other entities, organizations that will have a role in the proposed project or program: Eastern Shipbuilding Group, Inc. and Bay District Schools

### **REQUIRED EXECUTIVE SUMMARY**

In a maximum of two (2) pages, please describe the proposed project or program and anticipated outcomes including (i) the amount of funds being sought from Triumph Gulf Coast; (ii) the amount and identity of other sources of funds for the proposed project or program; (iii) the location of the project or program; (iv) summary description of the proposed program, including how the program will be transformational and promote economic recovery, diversification, and enhancement of the disproportionately affected counties, and (v) a summary timeline for the proposed project or program.

### **IMPORTANT NOTICE**

This pre-application process will **not** result in an award of funding by Triumph Gulf Coast. Rather, this process is designed to facilitate submission of ideas for potential projects or programs before the Applicant expends time and/or resources to complete a full Application. All Applicants for funding are required to complete an Application, which will be reviewed and then considered for award at the discretion of Triumph Gulf Coast Board.

**Please Select the Proposal's Eligibility Category(s)**

Pursuant to Section 288.8017, Triumph Gulf Coast, Inc. was created to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. The disproportionately affected counties are: Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, Walton County, or Wakulla County. *See*, Section 288.08012.

1. From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):

- Ad valorem tax rate reduction within disproportionately affected counties;
- Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

**Please Select the Priorities this Proposal's Outcomes will Achieve**

1. Please check the box if the proposed project or program will meet any of the following priorities (check all that apply):

- Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- Increase household income in the disproportionately affected counties above national average household income.
- Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- Benefit the environment, in addition to the economy.
- Provide outcome measures.
- Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- Are recommended by the board of county commissioners of the county in which the project or program will be located.
- Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

**Summary:** Panama City (PC) has an industrial complex and seeks to increase employment opportunities. PC and Eastern (ESG) propose a public/private partnership which will enable ESG to directly employ nearly 900 employees in the manufacture, launch and outfitting of ten to twenty-five United States Coast Guard (USCG) Offshore Patrol Cutters (OPC) at its shipyards in PC (Project). Following launches, vessels will be outfitted in the PC Nelson Street yard (ESGNS) which will be used exclusively for manufacturing of government vessels in order to consolidate and better achieve and maintain federal government standards for construction of military vessels on a competitive basis with other government shipyards. PC will be responsible for shipbuilding infrastructure construction and ESG will lease those improvements from PC for a 20-year term at market value. Bay District Schools and ESG will be responsible for workforce training at Rutherford High School and ESGNS.

**Funds being sought from Triumph Gulf Coast for Panama City Project: \$20,025,000.**

**The amount and identity of other sources of funds for the proposed project or program:** PC has maintained Watson Bayou depths for industrial, commercial and residential use as well as invested in transportation infrastructure that services the industrial complex and ESGNS. Eastern has invested, according to 2017 appraised values of the Bay County Property Appraiser's office, over \$11.7M in real estate and tens of millions of dollars in equipment. Additionally, ESG has expended over \$10M in unreimbursed costs over the past 5 years in a national competition for the OPC contract award. The Florida Legislature appropriated \$9.5M for shipbuilding infrastructure and dredging. In 2017 the Bay County Commission granted equipment tax exemptions totaling \$834,404. USCG will be investing approximately \$2.38B in the initial construction phase and approximately \$8.12B in the final phase.

**Project Location:** Vessel manufacturing, launching and outfitting will occur in Panama City.

**Summary description of transformation and promote economic recovery, diversification, and enhancement of the disproportionately affected counties:** ESG will manufacture OPC's designed to conduct multiple missions in support of US maritime security and border protection.

UWF's Haas Center conducted an economic impact study of the USCG contract awarded to ESG. ESG expects that to fulfill the initial 9 vessel contract, it will directly employ 900-1,000 workers at its peak prior to 2024. The Haas Center estimates that the initial contract will directly and indirectly support over 10,000 full and part time workers in Bay County from 2016 to 2024, which will add \$690 million of personal income for the region. This amounts to \$1.9 billion in total output and a \$940 million increase in the local Gross Domestic Product over this period.

Additionally, the USCG plans to acquire a total of 25 OPC's. If ESG is awarded a contract for the additional 16 OPC's, ESG would need to directly employ an average of approximately 900-1,000 workers per year through 2032 with work extending through 2035. The Haas Center estimates that such an award would indirectly and directly support another 19,000 jobs in the region over this period, bringing the total jobs impact to 29,933 from 2016 to 2035. The total personal income over this period would be \$2.9 billion with an increase in Gross Domestic Product of \$3.0 billion. In order to be competitive and increase the probability of winning the award for the additional 16 vessels, PC and ESG are making significant investment in shipyard infrastructure at ESGNS and will devote that facility exclusively to the OPC and other government shipbuilding programs so that ESGNS becomes part of the Government's preferred defense industrial base.

Direct employees will include welders, cutters, shipfitters, plumbers, pipefitters, first-line supervisors of production, operating workers, electricians, mechanical engineers, painters, carpenters, mechanical drafters, construction and related workers, labor helpers, engineering technicians, machinists, construction, maintenance, repair workers, and electronics engineers.

Additionally, sophisticated subcontractors and vendors for state-of-the-art advanced navigation, weapons, propulsion, and communications systems will have a permanent local presence during construction, warranty and repair of these USCG vessels. These elite companies will be available for other missions of ESG, defense contractors and other businesses in or attracted by our region. Based on historic data, employees will commute from inside and outside of Bay County.

**A summary timeline for the proposed project or program:** In 2016, the USCG selected ESG to design and build OPC's. ESG recently began cutting steel for the first OPC, USCGC Argus. In order to fulfill the OPC contract and place ESGNS in the best competitive position for the award of the remaining 16 vessels, and to establish ESGNS as part of the Government's preferred defense industrial base the applicant seeks Triumph funding for needed infrastructure to assist in meeting the following construction and acquisition milestones, some of which have been completed and others of which are underway:

Infrastructure	Need Date
Build permanent project resident and project management offices as well as offices for commissioning personnel and training personnel	12/1/2017
Convert existing machine/ fabrication shop at ESGNS to steel fabrication building	3/1/2018
Acquisition of land and improvements to that land to support vessel construction	4/1/2018
Expand and modify existing pre-fab buildings for use as aluminum structure fabrication and pipe fabrication building	5/1/2018
Construction of production facility building	5/1/2018
Construction aluminum cutting/manipulation machinery building	5/15/2018
Demolition of existing Nelson/Whittaker bulkhead. Extension of Nelson/Whittaker bulkhead along shoreline, installation of rail system	6/1/2018
Demolition existing upland structures and ground leveling	6/15/2018
Dredging Nelson/Whittaker launch to bayou entrance and disposal of dredge spoil	6/15/2018
Build additional platens for new vessel module construction	6/15/2018
Convert existing launchways to rocker beam type, install additional transfer rails for vessel transfer, install additional rocker beam launchway with transfer system	6/30/2018
Reroute power lines at ESGNS to support module moves across Nelson St	6/30/2018
Build additional vessel equipment awaiting installation warehouse space at ESGNS	6/30/2018
Replace existing ESGNS offices. Grade and prepare site for new vessel construction.	6/30/2018
Construct permanent marine architecture and engineering offices and design spaces	1/1/2020
Construct permanent crew assembly facility/pre-commissioning detail building	5/1/2020
Demolish existing ESGNS office/move stormwater pond/land preparation for new construction, utilities for corporate office with conference space for USCG, contractors, inspectors and contract managers, security systems	3/1/2021
Extend bulkhead east/dredge channel and dispose of dredge spoil	1/1/2024