



# Board of County Commissioners

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State of Florida

March 22, 2019

Honorable Don Gaetz, Chairman  
Triumph Gulf Coast, Inc.  
Attn: Susan Skelton, Executive Director  
P.O. Box 12007  
Tallahassee, FL 32317

Re: Southwest Crestview Bypass  
Okaloosa County Triumph Application Update (Pre-application #45 and #46)

Dear Mr. President,

Thank you for the opportunity to work with the Triumph Gulf Coast Board and your staff on the application update to support the development of the Southwest Crestview Bypass including the Raspberry Road connector. To highlight benefits from the original application for this critical project, Okaloosa County has updated many of the inputs of the original application with collaboration from the major stakeholders of this project to include the Okaloosa County Economic Development Council, the City of Crestview, Eglin Air Force Base, and the Florida Department of Transportation.

For Okaloosa County, the collective participation of local stakeholders and the Triumph Gulf Coast ensures the protection of our existing local economy, while also supporting the overall expansion of the county's economic development. The Southwest Crestview Bypass project has been endorsed by all local Chambers of Commerce and each of the nine municipalities within Okaloosa County. Endorsements by the cities came with concessions their part; demonstrating the importance of this project to the entire County. That expansion includes benefits to the surrounding tri-county area, which includes Santa Rosa and Walton counties. These wider economic impacts are demonstrated in our updated analysis. The Triumph Gulf Coast contribution is the final contribution needed by all of the stakeholders to advance the proposed development. Total completion of the Southwest Crestview Bypass at this time, including the Raspberry Road connector, simply would not be possible without Triumph's generous support.

Funding obligations of governmental agencies are typically focused on sustaining the infrastructure demands of their present economies. However, as congestion delays along the major corridors of north Okaloosa County continue to increase, the local economy of the County is in jeopardy of major declines due to local business opportunities being foregone along with potential mission losses on Eglin Air Force Base.

Instead of a continued decline in the local economy, proactively developing additional highway capacity within north Okaloosa County will not only maintain economic viability, but also provide the potential for additional job creation in the region. To demonstrate the impacts of maintaining the existing corridor and the benefits for developing a new corridor for additional capacity, the following three items of discussion have been drafted for consideration in this application update:

**Economic Sustainability:** Increases in travel time and congestion, as well as related transportation user impacts, are recognized by the US Department of Transportation and the Transportation Research Board as major detriments to maintaining an existing economy. They actually contribute and accelerate a declining economy. The previous analysis demonstrated that increased capacity for the Crestview area will reduce travel times and congestion and provide direct economic benefits.

**Job Retention:** The largest portion of the area within Okaloosa County is Eglin Air Force Base, which is the leading single economic generator for the entire Northwest Florida Region. The overall operations and mission readiness of Eglin are directly impacted by the critical infrastructure of the area. Without additional roadway capacity near Crestview, loss of mission at Eglin is a continual critical concern. In addition to providing a large quantity of jobs, jobs at Eglin provide higher than the regional average income and provide direct benefits to the state's overall support to the Department of Defense. If the region were to lose jobs due to mission losses at Eglin, the impact on the regional economy are severe. An attached report demonstrates the potential magnitude of the economic impacts resulting from job losses at Eglin under various scenarios.

**Economic Enhancement:** Providing capacity within the Crestview area with the development of the proposed corridors creates economic expansion of the local economy through residential and commercial development. An economic analysis\* of these benefits was developed for this application update and are presented for review.

We greatly appreciate the generous support of the Triumph Gulf Coast and eagerly look forward to the development of the economic transformations that this project will provide to Okaloosa County and Northwest Florida.

Sincerely,



Commissioner Charles K. Windes, Jr.  
Chairman, Okaloosa Board of County Commissioners

\* The economic models of this analysis were developed using IMPLAN®, which is the same model previously used for the Northwest Florida Transportation Corridor Authority study. It is understood that Triumph Gulf Coast staff utilizes the REMI Policy Insight model for economic analyses. Given the expense of REMI and the readiness of the previously created IMPLAN® model, the decision was to continue with IMPLAN®. If the Triumph Gulf Coast staff wish to review the model using REMI, the IMPLAN® data inputs and outputs will be made available to Triumph.

# **Okaloosa County Board of County Commissioners**



March 22, 2019

Southwest Crestview Bypass  
Triumph Pre-application #45 & #46 Update

## Economic Sustainability

For the development of the Southwest Crestview Bypass, the economic benefits of additional capacity through the reduction of travel time and congestion impacts for the Crestview area were referenced in our original application. These benefits were estimated through an economic analysis initially developed by the Northwest Florida Transportation Corridor Authority. That analysis remains valid, although the economic multipliers may have changed slightly from the 2012 IMPLAN® model used at the time.

The total short-term benefits of the new corridor in terms of the simple construction expenditures had a positive impact on economic output of \$163.5 million in 2012 dollars. In 2019 dollars, this impact would be about \$184 million. The project was also expected to create over 1,364 job-years as a result of the construction.

Longer-term, the project is expected to generate economic impacts by lowering transportation user costs and improving economic productivity. These translate into an increase in economic output of \$3,704 million in 2012 dollars (\$4,168 million in 2019 dollars) over a 30-year period. Annually, this would be an output increase of about \$123.5 million in 2012 dollars (\$138.9 million in 2019 dollars). Similarly, the project would increase employment by 16,995 job-years over 30 years (or about 567 job-years annually). There are some additional benefits due to the operations and maintenance of the roadway, but these are relatively minor.

This project was identified as Project ID 17 in the Master Plan published by the Northwest Florida Transportation Corridor Authority and the summary of the Evaluation of Benefits from that report is included as *Attachment A*.

The development of the Southwest Crestview Bypass includes the development of the Raspberry Road Connector and a new access point to Interstate 10. Both of these projects will further increase the capacity of the region's transportation network, but these projects are not included in the previously developed economic model. However, it can readily be assumed the additional Raspberry Road Corridor and Interchange access will provide more capacity and additional economic benefits.

To give a description from the traveling public, the bypass will offer an alternative to the overly congested SR 85 through Crestview and offer a new access point to Interstate 10. The alternative route will help to reduce travel time along the SR 85 corridor, which is the only access point to Eglin AFB from Crestview. Reduction of delays along the corridor not only benefit those commuting to work, but assists Eglin operationally because SR 85 is the access point for Duke Field, 7<sup>th</sup> Special Forces Group, and Eglin Main West Gate. In addition, this corridor is the primary north-south access route for tourists that visit the Emerald Coast.

Currently, traffic congestion along SR 85 begins as far as 8 miles south of Interstate 10, which inhibits access to Duke Field and the 7<sup>th</sup> Special Forces Group operations center and adds wear and tear to travelers mired in the traffic. With an annual average daily traffic (AADT) count of 52,000 vehicles on this segment of SR 85 improvements to traffic flow will have a substantial impact on a large number of people by reducing delays and mission/operational impacts.

Congestion also costs businesses and residents in a number of ways. Businesses experience additional costs in the form of vehicle/driver delay, effects on inventory, logistics, reliability, and

■ 302 N. Wilson St • Crestview, FL 32536 • (850) 689-5030 • Fax: 689-5059

■ 1250 N. Eglin Pkwy, Suite 100 • Shalimar, FL 32579 • (850) 651-7105 • Fax: 651-7142

a reduction in potential workers. For individual residents the cost of fuel, wear and tear on vehicles, and time spent delayed in traffic takes away from potential spending in other economic areas. A detailed analysis of how congestion impacts a regional economy is discussed at length in the National Cooperative Highway Research Program Report 463, entitled *Economic Implications of Congestion*.

## **Job Retention**

In collaboration with Okaloosa County for inclusion into this update and other uses, the Okaloosa County Economic Development Council (EDC) commissioned a study on the impacts of Eglin AFB on the tri-county region of Okaloosa, Santa Rosa, and Walton counties. The purpose of the study was to simulate the economic impacts on the three counties should there be mission loss at Eglin AFB. Mission loss is not unprecedented based on the military's recurring review of base realignments and closures (BRAC) where review of mission readiness, which is dramatically impacted by local infrastructure, is one of the highest priorities. Increasing congestion in the area is seen as a likely contributor to potential mission loss. The intent of the Southwest Crestview Bypass is to keep congestion in check and lessen the potential for Eglin mission loss.

Eglin AFB is the world's premier testing facility with approximately 25,000 active duty, Department of Defense Civilian, and guard/reserve personnel based on site. In 2017 Eglin personnel had an average annual total compensation of \$98,000, which equates to an aggregate annual compensation of \$2,450 million. Additionally, approximately 8,080 private sector contractors in the tri-county area were working annually on \$1,270 million in Department of Defense contracts.

In the most recent BRAC Eglin AFB enhanced its mission in large part due to the cooperative relationship with the community and the vast amount of land available for military activities. However, should BRAC return unfavorable results to the area, the impact of mission loss on the regional economy would loom large. The Okaloosa County EDC study estimated the potential impacts of three mission loss scenarios (5%, 10%, and 15% assumed reductions).

An overall reduction in mission reduction of 5% is not an unreasonable action of the Air Force where mission consolidation across the entire Air Force branch is being readily implemented. In the 5% reduction scenario, the direct impact is a total of 1,570 job-years lost annually, an aggregate annual compensation loss of \$148.1 million, and a reduction in contracts of \$63.5 million annually. Furthermore, the combination of direct, indirect, and induced effects from a 5% reduction would lead to an annual impact of 2,400 job-years in employment and \$297.7 million total value added. Effects are doubled and tripled in the 10% and 15% reduction scenarios respectively.

Conversely, instead of job retention the Okaloosa EDC study also included a proactive scenario with the construction of a new 200,000 square foot facility that could house professional, scientific, and technical services. Such a facility is being considered on Eglin AFB, however, there are concerns about where the potential labor force would be able to find housing. This single facility could create 760 job-years annually with a total annual added value of \$63 million in the tri-county area. Housing for this potential labor force could easily be provided in the new corridor along the Southwest Crestview Bypass. The summary report of the findings by the Economic Development Council of Okaloosa County is included as *Attachment B*.



## Economic Enhancement

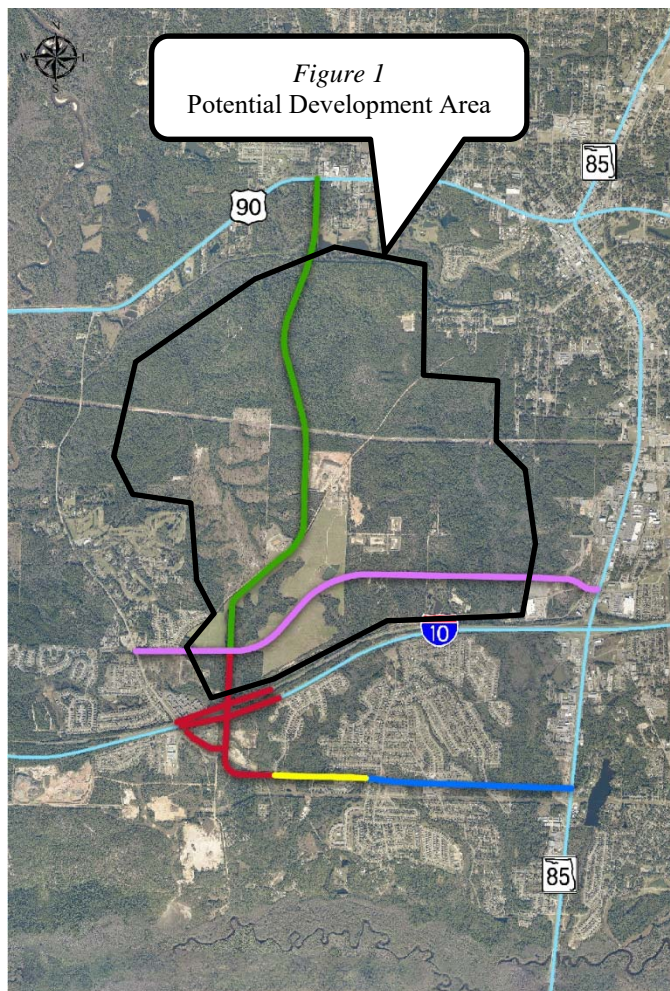
The Southwest Crestview Bypass will serve the existing needs of the County as well as support anticipated growth. Okaloosa County has experienced nearly a 2% growth rate in each of the past 5 years and the economic outlook suggests this trend to continue. However, to capitalize on this growth infrastructure and development opportunities are needed.

The current roadway network of Crestview encompasses a large area of undeveloped land bounded by SR 85, US Highway 90, Antioch Road, and Interstate 10 as shown in *Figure 1*. This area is largely inaccessible from the current roadway network, but the development of the Southwest Crestview Bypass will make this area favorable for growth. Land available for development is in the incorporated limits of the City of Crestview and unincorporated Okaloosa County. Both jurisdictions will support land use amendments and rezonings to accommodate commercial and residential developments.

Potential development areas include:

- 125 acres to 300 acres of commercial use
- 600 acres to 1,800 acres of residential use

Not only will the Southwest Crestview Bypass improve traffic congestion, but the potential economic enhancements in the development of this new commercial and residential area will result in new jobs and opportunities. Results from IMPLAN modeling based on the construction of the Southwest Crestview Bypass are provided in *Attachment C*.



Greenfield development not only creates jobs during construction, but the development of new residential areas will induce commercial growth to support the new population center.

## Conclusion

It is evident the development of the Southwest Crestview Bypass is needed and once completed will serve as the gateway to growth for Crestview, Okaloosa County, and the tri-county region as a whole. Construction of the bypass will not only improve traffic congestion in the area and provide a new connection to Interstate 10, but also opens land to residential and commercial development. Providing an alternative route to SR 85 through downtown Crestview will alleviate pressure on access points to the targeted industrial centers of Bob Sikes Airport and the Shoal River Ranch area. The economic impacts will be substantial. Okaloosa County will be able to continue the positive growth seen over the past 25 years while still maintaining critical jobs at Eglin AFB which is an integral part of our community.

The Southwest Crestview Bypass will create a new direct link between the only north-south evacuation route for Okaloosa County (SR 85) to US 90, SR 189, and SR 4. Historically during times of evacuation the greatest point of congestion for evacuees was attempting to gain access to the north. In 1995 when Hurricane Opal made landfall in Okaloosa County the congestion along SR 85 from people trying to evacuate was so intense that residents were stranded on the roadway in their cars. Considering the growth of population since that date the need for additional access to the north is more critical.

Okaloosa County and the City of Crestview have long been engaged in the effort to improve the Southwest Crestview Bypass corridor. To date the local governments have expended or committed nearly \$38,000,000 toward the development of this project including the first phase of construction (widening the first portion of the Southwest Crestview Bypass from two lanes to four) to begin in the summer of 2019. The citizens of Okaloosa County have shown their support for this project by approving a ½ cent sales surtax in November of 2018 with nearly 2/3 of the vote in favor of the referendum. This sales tax is solely dedicated to infrastructure improvements – and the number one priority project identified is the Southwest Crestview Bypass.

The Secretary of the Florida Department of Transportation, Kevin J. Thibault, P.E., has committed to including the interchange with Interstate 10 in the next five year work plan (see included letter in *Attachment D*) at an estimated cost of approximately \$100 million which further demonstrates the need and commitment the region has for the development of this critical project. With Triumph Gulf Coast's contribution of \$64,100,000 the last part of the overall Southwest Crestview Bypass project will be completed.

Participation by the Triumph Gulf Coast will ensure that this entire project not only sustains the existing community, but is at the forefront of economic growth – for both Okaloosa County and Eglin AFB – for many years to come.

## **Attachment A**

Northwest Florida Corridor Authority Master Plan

Project ID 17 – PJ Adams Parkway / Antioch Rd (Crestview Bypass)



## Chapter 5 | Evaluation of Benefits

### PROJECT ID 17

#### PJ Adams Parkway / Antioch Rd (Crestview Bypass)

**Project Limits:** SR 85 to SR 10 (US 90)

**Project Length:** 5.3 miles

**Preliminary Cost Estimate:** \$95,300,000 (Project Development & Environment Study)

**Inclusion in Plans:** Okaloosa-Walton TPO Long-Range Transportation Plan

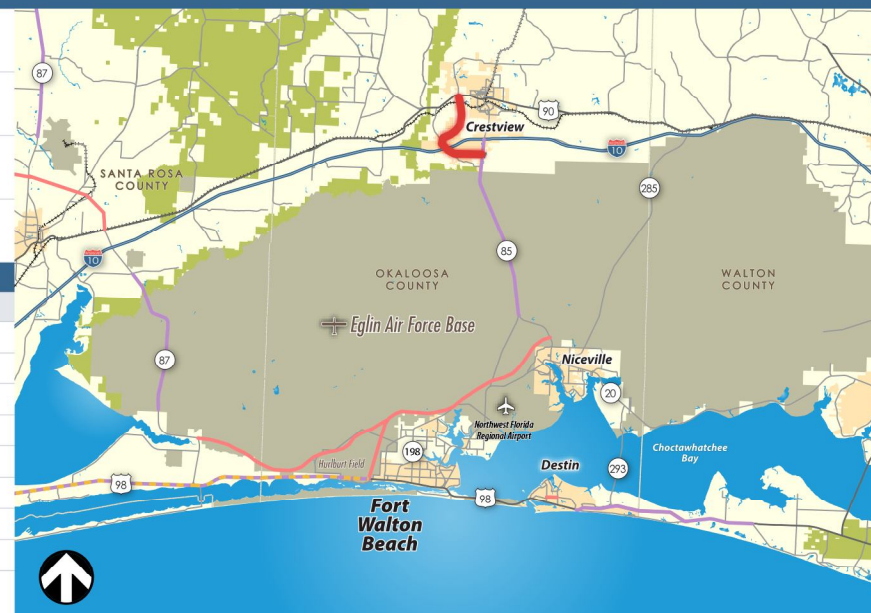
##### BENEFIT-COST ANALYSIS RESULTS

Metric	Median	Low	High
<b>Total Benefits</b>	<b>\$1,110.6</b>	<b>\$61.1</b>	<b>\$2,049.4</b>
Travel Time Savings	\$1,103.1	\$975.2	\$1,233.9
VOC Savings	(\$15.4)	(\$1,044.5)	\$930.4
Emissions Cost Savings	\$7.3	(\$2.0)	\$32.4
Accident Cost Savings	\$1.9	\$0.6	\$3.4
<b>Total Costs</b>	<b>\$85.5</b>	<b>\$77.0</b>	<b>\$93.9</b>
<b>Net Present Value</b>	<b>\$1,025.0</b>	<b>(\$24.2)</b>	<b>\$1,964.8</b>
<b>Benefit Cost Ratio</b>	<b>13.05</b>	<b>0.69</b>	<b>24.40</b>
<b>Internal Rate of Return</b>	<b>77.7%</b>	<b>2.7%</b>	<b>151.9%</b>

##### ECONOMIC IMPACT ANALYSIS RESULTS

Metric	Direct	Indirect	Induced	Total
<b>Short-Term Impacts Resulting from Capital Expenditures</b>				
Employment (job-years)	667	236	460	1,364
Output	\$71.5	\$35.9	\$56.1	\$163.5
<b>Long-Term Impacts Resulting from Operations and Maintenance Expenditures</b>				
Employment (job-years)	10	3	7	20
Output	\$1.1	\$0.5	\$0.8	\$2.3
<b>Long-Term Impacts Resulting from Economic Development</b>				
Employment (job-years)	5,878	4,976	6,141	16,995
Output	\$2,074.1	\$837.9	\$792.0	\$3,704.0

Note: All dollars shown in millions of 2012 dollars. Total Benefits and Total Costs are discounted at 4% (the rate at which the purchasing power of a dollar will grow, adjusted for inflation). Each output is calculated individually, therefore, the sums may not add to the totals shown.



##### Project Description

New 4 lane arterial and widening PJ Adams Parkway and a segment of Antioch Road from 2 to 4 lanes.

##### Need for Project

This project is needed to provide regional connectivity between SR 85 and US 90.

## **Attachment B**

Economic Development Council of Okaloosa County

Tri-County Community Partnership Initiative

**Team Eglin**  
**Economic Analysis**  
Preliminary Estimates



# Tri-County Community Partnership Initiative

## Team EGLIN

Economic Analysis  
Preliminary Estimates

March 19, 2019

Sponsored by the Economic Development Council of Okaloosa County, Florida

# Task

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- ▶ Simulate economic impacts regarding mission loss scenarios at Eglin AFB and Hurlburt Fields
- ▶ Direct, indirect, and induced effects
- ▶ Analyze DoD personnel compensation and procurement contracts
- ▶ Okaloosa, Santa Rosa, and Walton counties
- ▶ IMPLAN Input-output model
- ▶ Data sources:
  - Bureau of Economic Analysis
  - Department of Treasury
  - Department of Defense
  - IMPLAN

# Personnel Compensation

DoD Personnel Count and Compensation Estimates, 2017  
Eglin Air Force Base and Hurlburt Field

Personnel Type	DoD Personnel	Average Compensation	Aggregate Compensation	% of Compensation
Active Duty	15,800	\$103,800	\$1,640,040,000	67%
DoD Civilian	7,400	\$107,000	\$791,800,000	32%
Guard/Reserves	1,800	\$11,800	\$21,240,000	1%
<b>Total</b>	<b>25,000</b>	<b>\$98,000</b>	<b>\$2,450,000,000</b>	<b>100%</b>

**Note:**

- 1.) Compensation is inclusive of both wages and benefits and is used throughout this study in lieu of IMPLAN's term Labor Income.
- 2.) Active Duty and Guard / Reserve personal and compensation estimates are derived from US BEA and DoD Bases Structures Report (2015).
- 2.) DoD civilian personnel and compensation estimates are derived from IMPLAN and DOD Base Structures Report (2015).
- 3.) All dollar values are in 2017 USD.
- 4.) Columns may not sum due to rounding.



# Procurement Contracts

DoD Procurement Contracts Performed In-region by NAICS Industry and Associated Private-sector Contractor Estimates, FY 2017  
Okaloosa, Santa Rosa, and Walton Counties

NAICS	Industry Description	Contract Value (Millions)	Distribution	Private-sector Contractors
54	Professional, Scientific, & Technical Services	\$642.3	50.6%	3,890
31-33	Manufacturing	\$239.4	18.8%	450
23	Construction	\$194.9	15.3%	1,590
56	Admin Support, Waste Mgt, & Remediation Services	\$61.0	4.8%	670
48-49	Transportation & Warehousing	\$40.1	3.2%	200
61	Educational Services	\$32.9	2.6%	810
62	Health Care and Social Assistance	\$28.5	2.2%	260
22	Utilities	\$11.0	0.9%	30
81	Other Services (except Public Administration)	\$8.9	0.7%	70
51	Information	\$4.3	0.3%	10
72	Accommodation and Food Services	\$3.2	0.3%	60
53	Real Estate and Rental and Leasing	\$1.8	0.1%	10
44-45	Retail Trade	\$1.0	0.1%	10
42	Wholesale Trade	\$0.4	0.0%	-
11	Agriculture, Forestry, Fishing and Hunting	\$0.3	0.0%	10
71	Arts, Entertainment, and Recreation	\$0.1	0.0%	-
Total		\$1,270.1	100.0%	8,080

Source: US Department of Treasury via USAspending.gov

Note: Contractor estimates are derived from IMPLAN output per worker ratios

# Scenarios

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Mission loss; active duty and civilian compensation and defense contracts

1. 5% reduction
2. 10% reduction
3. 15% reduction

Mission gain; 200K SF facility to meet current Eglin space deficit

4. 400 private sector contractors w/in RDTE

# Scenario 1: 5% Reduction

## Direct Impact in Defense Spending Resulting from a 5% Reduction

Scenario	Personnel Type	Personnel	Average Compensation	Aggregate Compensation	Contracts
5% Loss	Active Duty	790	\$104,000	\$81,960,000	n/a
	DoD Civilian	370	\$107,000	\$39,580,000	n/a
	Private-sector Contractors	410	\$65,000	\$26,600,000	\$63,500,000
	<b>Total</b>	<b>1,570</b>	<b>\$94,000</b>	<b>\$148,140,000</b>	<b>\$63,500,000</b>

**Note:** 1.) Dollars values are in 2017 USD. 2.) Columns and/or rows may not sum due to rounding.

## Total Economic Impacts Associated with 5% Reduction in Personnel Compensation and Defense Contracts

Impact Type	Total Jobs	Total Compensation	Total Value Added
Direct Effect	1,570	\$150,700,000	\$238,400,000
Indirect Effect	120	\$5,400,000	\$8,300,000
Induced Effect	710	\$25,400,000	\$51,000,000
<b>Total Effect</b>	<b>2,400</b>	<b>\$181,500,000</b>	<b>\$297,700,000</b>

**Source:** IMPLAN 3.1.1001.12; Okaloosa, Santa Rosa, and Walton Counties

**Note:** 1.) Dollars values are in 2019 USD. 2.) Columns may not sum due to rounding. 3.) Compensation is used in place of IMPLAN's term Labor Income, but the two are used interchangeably throughout this study.

# Scenario 2: 10% Reduction

## Direct Impact in Defense Spending Resulting from a 10% Reduction

Scenario	Personnel Type	Personnel	Average Compensation	Aggregate Compensation	Contracts
10% Loss	Active Duty	1,580	\$104,000	\$163,925,000	n/a
	DoD Civilian	740	\$107,000	\$79,153,000	n/a
	Private-sector Contractors	820	\$65,000	\$53,140,000	\$127,100,000
	<b>Total</b>	<b>3,140</b>	<b>\$94,000</b>	<b>\$296,218,000</b>	<b>\$127,100,000</b>

**Note:** 1.) Dollars values are in 2017 USD. 2.) Columns and/or rows may not sum due to rounding.

## Total Economic Impacts Associated with 10% Reduction in Personnel Compensation and Defense Contracts

Impact Type	Total Jobs	Total Compensation	Total Value Added
Direct Effect	3,140	\$301,480,000	\$476,770,000
Indirect Effect	240	\$10,810,000	\$16,640,000
Induced Effect	1,420	\$50,800,000	\$102,040,000
<b>Total Effect</b>	<b>4,810</b>	<b>\$363,090,000</b>	<b>\$595,440,000</b>

**Source:** IMPLAN 3.1.1001.12; Okaloosa, Santa Rosa, and Walton Counties

**Note:** 1.) Dollars values are in 2019 USD. 2.) Columns may not sum due to rounding. 3.) Compensation is used in place of IMPLAN's term Labor Income, but the two are used interchangeably throughout this study.

# Scenario 3: 15% Reduction

## Direct Impact in Defense Spending Resulting from a 15% Reduction

Scenario	Personnel Type	Personnel	Average Compensation	Aggregate Compensation	Contracts
15% Loss	Active Duty	2,370	\$104,000	\$245,888,000	n/a
	DoD Civilian	1,110	\$107,000	\$118,729,000	n/a
	Private-sector Contractors	1,230	\$65,000	\$79,700,000	\$190,600,000
	<b>Total</b>	<b>4,710</b>	<b>\$94,000</b>	<b>\$444,317,000</b>	<b>\$190,600,000</b>

**Note:** 1.) Dollars values are in 2017 USD. 2.) Columns and/or rows may not sum due to rounding.

## Total Economic Impacts Associated with 15% Reduction in Personnel Compensation and Defense Contracts

Impact Type	Total Jobs	Total Compensation	Total Value Added
Direct Effect	4,710	\$449,900,000	\$711,300,000
Indirect Effect	360	\$16,200,000	\$25,000,000
Induced Effect	2,130	\$75,800,000	\$152,300,000
<b>Total Effect</b>	<b>7,210</b>	<b>\$541,900,000</b>	<b>\$888,600,000</b>

**Source:** IMPLAN 3.1.1001.12; Okaloosa, Santa Rosa, and Walton Counties

**Note:** 1.) Dollars values are in 2019 USD. 2.) Columns may not sum due to rounding. 3.) Compensation is used in place of IMPLAN's term Labor Income, but the two are used interchangeably throughout this study.



# Scenario 4: “Notional” Mission Increase

## ► Assumptions

- 200,000 SF secured facility
- 180,000 SF (assumes 90% occupancy)
- 450 SF per worker (typical commercial space assumption is approximately 175 SF; leaves ample space for RDT&E activity)
- 400 workers supported at full build out and absorption
- No retail product offered; all jobs supported are w/in RDT&E

# Scenario 4: 400 jobs - 200K SF Facility

## Direct Spending Associated with Private Sector RDT&E Jobs at Full Buildout, 2017

IMPLAN Industry Description	Jobs	Compensation per Worker	Output per Worker	Aggregate Compensation	Contracts (Total Output)
Architectural, engineering, and related services	174	\$95,000	\$172,000	\$16,530,000	\$29,928,000
Computer systems design services	68	\$88,000	\$113,000	\$5,984,000	\$7,684,000
Scientific research and development services	67	\$95,000	\$250,000	\$6,365,000	\$16,750,000
Other computer related services, including facilities management	40	\$80,000	\$138,000	\$3,200,000	\$5,520,000
Management consulting services	38	\$74,000	\$120,000	\$2,812,000	\$4,560,000
Marketing research and all other miscellaneous professional, scientific, and technical services	9	\$33,000	\$59,000	\$297,000	\$531,000
Environmental and other technical consulting services	3	\$60,000	\$83,000	\$180,000	\$249,000
Custom computer programming services	1	\$82,000	\$172,000	\$82,000	\$172,000
<b>Total</b>	<b>400</b>	<b>\$89,000</b>	<b>\$164,000</b>	<b>\$35,600,000</b>	<b>\$65,600,000</b>

**Source:** IMPLAN 3.1.1001.12; Okaloosa, Santa Rosa, and Walton Counties

**Notes:**

- 1.) Columns may not sum due to rounding
- 2.) All dollar values are 2017 USD
- 3.) Industry make-up is based on FY 2017 DOD Professional, Scientific, and Technical Services contracts performed in-region
- 4.) Compensation is used in place of IMPLAN's term Labor Income, but the two are used interchangeably throughout this study.

# Scenario 4: 400 jobs - 200K SF Facility

## Direct Impact in Defense Spending Resulting from a 200K SF Facility

Scenario	Personnel Type	Personnel	Average Compensation	Aggregate Compensation	Contracts
200K SF	Private Sector Contractors	400	\$89,000	\$35,600,000	\$65,600,000

**Note:** 1.) Dollars values are in 2017 USD

2.) Contracts equates to aggregate output by worker within RDT&E sectors presented on slide 10.

## Total Economic Impacts Associated with 400 Private Sector RDT&E Jobs

Impact Type	Total Jobs	Total Compensation	Total Value Added
Direct Effect	400	\$35,890,000	\$37,980,000
Indirect Effect	160	\$7,320,000	\$10,980,000
Induced Effect	200	\$7,010,000	\$14,090,000
<b>Total Effect</b>	<b>760</b>	<b>\$50,220,000</b>	<b>\$63,050,000</b>

**Source:** IMPLAN 3.1.1001.12; Okaloosa, Santa Rosa, and Walton Counties

**Notes:**

1.) Dollars values are in 2019 USD

2.) Columns may not sum due to rounding.

3.) Compensation is used in place of IMPLAN's term Labor Income, but the two are used interchangeably throughout this study.

# Key Defense-related Statistics

Defense-related and Regional Per worker Indicators, 2017  
Okaloosa, Santa Rosa, and Walton Counties

Wages per Job			
Type	Defense-related	Regional	Defense as a % Regional
Direct Effect	\$70,500	\$42,200	167%
Indirect Effect	\$38,400	\$42,200	91%
Induced Effect	\$30,000	\$42,200	71%
Total Effect	\$57,000	\$42,200	135%

Value Added Per Job			
Type	Defense-related	Regional	Defense as a % Regional
Direct Effect	\$152,000	\$82,000	185%
Indirect Effect	\$69,000	\$82,000	84%
Induced Effect	\$72,000	\$82,000	88%
Total Effect	\$124,000	\$82,000	151%

Source: IMPLAN 3.1.1001.12; Okaloosa, Santa Rosa, and Walton Counties; 2017 County – NAICS Sector: <http://www.floridajobs.org/workforce-statistics/data-center/statistical-programs/quarterly-census-of-employment-and-wages>

**Notes:**

- 1.) Defense-related includes Active Duty, DoD Civilian, and Private-sector wages.
- 2.) Regional wages are provided by Florida Department of Economic Opportunity and are inclusive of all private-sector wages for Santa Rosa, Okaloosa, and Walton counties.
- 3.) Columns and/or rows may not sum due to rounding.
- 4.) All dollar values are 2019 USD.

# Key Take-aways

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- ▶ \$2.5 billion in active duty and civilian compensation (Eglin & Hurlburt)
- ▶ \$1.3 billion in DoD contracts performed in-region
- ▶ Direct defense-related jobs earn 1.67X as much as the region's average
- ▶ Direct defense-related industry generates 85% more economic value (Value Added) per job than the average regional industry
- ▶ Given this value, region must protect current missions and posture for additional missions by mitigating all infringing issues, including transportation.



# Methodology and Limitations

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- ▶ All data is based on 2017 estimates (DoD, BEA, and IMPLAN)
- ▶ Reduction scenarios utilize a “per personnel” estimate for impacted contracts and assumes 2017 industry distribution
- ▶ Constant military to civilian ratio is assumed
- ▶ Growth scenario assumes identical 2017 industry distribution for Professional, Scientific, and Technical Services (RDT&E) contracts
- ▶ Growth scenario assumes identical 2017 output per worker estimates
- ▶ “Defense-related” includes both DoD personnel and DoD private sector contractors
- ▶ IMPLAN is a static model that does not consider other changes in the state and regional economy

## **Attachment C**

### **IMPLAN Impact Analysis**

■ 302 N. Wilson St • Crestview, FL 32536 • (850) 689-5030 • Fax: 689-5059

■ 1250 N. Eglin Pkwy, Suite 100 • Shalimar, FL 32579 • (850) 651-7105 • Fax: 651-7142

# Economic Impacts of Land Access

The Southwest Crestview Bypass, including the Raspberry Road connector, will provide regional connectivity between State Route (SR) 85 and US 90. As a result, it will alleviate existing congestion and provide an alternate to traveling through downtown Crestview. In addition, the project will provide access to developable, green field land in western Crestview. This will allow the city to accommodate pressure to grow from tourists and the military at Eglin Air Force Base.

Overall, the project is anticipated to generate three types of impacts on the economies of Okaloosa, Santa Rosa, and Walton counties:

1. Generate congestion reduction benefits and increase economic productivity due to these improvements
2. Prevent potential job loss due to mission reductions at Eglin Air Force Base in response to growing regional congestion
3. Open land in Crestview to economic development by attracting new residents and businesses.

The first two impacts have been documented in other studies. This report focuses on the economic development benefits of increased land access. It provides a summary of long-term economic impacts estimated in an IMPLAN® input-output model for a tri-county region consisting of Okaloosa, Santa Rosa, and Walton counties. The analysis includes development along the Southwest Crestview Bypass corridor associated with:

- New residential units
- Commercial/office space.

While some of these impacts could spill over (leak) into other areas, the tri-county region has been selected to capture the majority of benefits. The economic impacts of land access are expected in addition to the congestion reduction and job loss prevention benefits described in other reports.

## Methodological Framework

This section introduces key concepts and metrics related to the economic impact analysis and outlines the methodology used to estimate the regional impacts associated with the proposed Southwest Crestview Bypass.

### Types of Effects

Traditionally, economic impact analysis involves the estimation of three types of effects, commonly referred to as direct, indirect, and induced effects:

- **Direct Effects:** changes in economic activity as a consequence of an investment or improvement (e.g., construction of new residential units or commercial/office space enabled by the Southwest Crestview Bypass)

- **Indirect Effects:** changes in economic activity related to industries that supply those impacted by the direct effects
- **Induced Effects:** changes in economic activity related to employee spending (by employees of industries affected by the direct and indirect effects).

The total economic impact is simply the sum of these direct, indirect, and induced effects. Note that the indirect and induced effects are sometimes referred to as multiplier effects since they can make the total economic impacts substantially larger than the direct effect alone.

### **Impact Metrics**

Typically, economic impacts are measured in terms of industry output, value added, employment, and tax revenue (at the federal and state/local levels). While output is the broadest measure of economic activity and refers to the total volume of sales, value added is the value companies add to products or services in their stage of production. Value added is a measure of the contributions establishments or industries make to the gross regional product (GRP). Value added includes employment compensation, taxes on production and imports less subsidies, and gross operating surplus. Value added is smaller than output for a given industry because value added considers only the contributions of the industry in question while output includes the inputs to that industry's production.

With respect to employment, two metrics can be calculated: labor income and jobs. Labor income includes employee compensation and proprietary income. Employee compensation, in turn, consists of wage and salary payments as well as benefits (health, retirement, etc.) and employer paid payroll taxes (employer side of social security, unemployment taxes, etc.). Proprietary income consists of payments received by self-employed individuals (such as doctors and lawyers) and unincorporated business owners. The job impacts measures the number of jobs for a full year (i.e., job-years). A job-year is defined as one person employed for one year, whether that employment is part-time or full time. The job impacts reflect the mix of full- and part-time jobs typical for each industry.

### **Economic Modeling**

This analysis estimates the economic impacts using the IMPLAN® system, an input-output based regional economic assessment modeling system owned by the IMPLAN Group LLC.<sup>1</sup>

The IMPLAN® system consists of a software package and data files that are updated each year. The data files include transaction information (intra-regional and import/export) on 517 private industry sectors [corresponding to four and five-digit North American Industry Classification System (NAICS) codes] and data on more than 20 different economic variables, including employment, output, and value added. For this study, the IMPLAN® system was populated with data available for Okaloosa, Santa Rosa County, and Walton counties for 2017 and results were reported in 2019 dollars.<sup>2</sup>

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<sup>1</sup> For more information on the system, visit <http://www.implan.com>

<sup>2</sup> This is the most up to date data available from IMPLAN® as of March 2019.

## RESIDENTIAL DEVELOPMENT

The first analysis considered the impact of residential development enabled by the Southwest Crestview Bypass. The project is expected to open up to 1,800 acres for residential development. This translates to about 1,080 dwelling units, assuming 30 percent of the land is developable and a development density of about 2 units per acre, which is typical for the area. Construction of these dwelling units is anticipated to occur over a 10-year period between 2025 and 2035. The economic analysis considers the cumulative annual economic impact of all residential units once construction is completed. The impact in the first year would be roughly one tenth the impact shown in the analysis, while the overall impact would grow over time.

Table 1 summarizes the residential development assumptions used in this analysis.

**Table 1: Residential Area**

Variable	Unit	Value
Potential Area for Development	Acres	1,800
Percent for Development	Percentage	30%
Assumed Developed Area	Acres	540
Assumed Dwelling Units per Acre	Units per Acre	2
Total Dwelling Units	Units	1,080

Source: Okaloosa County estimates

As a conservative estimate of the economic impacts of this residential development, the assessment treats the 1,080 units as an upper bound estimate, while half this development (540 units) is used as a lower bound estimate. The primary evaluation focuses on a mid-range estimate of 810 units (or 810 households occupying those units). According to recent U.S. Census Bureau data, the median household income in 2017 in the region is \$61,524.<sup>3</sup> This is expected to be representative of the household income for newly developed units.

To estimate the direct expenditures generated by these new households, the analysis uses 2017 data from a recently conducted Bureau of Labor Statistics (BLS) expenditures survey.<sup>4</sup> While this survey provides expenditures at the national level, it is assumed that local expenditures would occur in a similar mix, but proportional to the local household income. The BLS survey shows that on average, consumers spend approximately 82 percent of their income on food, housing, apparel, transportation, healthcare, entertainment, education, insurance, pensions, and other expenditures. Results from the national survey were used to derive the potential yearly expenditures by the future residents resulting from the Southwest Crestview Bypass.

Table 2 summarizes the findings for the mid-range estimate of 810 households.

<sup>3</sup> The study team collected median household income (\$59,355) for the tri-county region from the U.S. Census Bureau and converted it to 2019 dollars using the Consumer Price Index (CPI) data from the Bureau of Labor Statistics.

<sup>4</sup> For more information, visit <https://www.bls.gov/news.release/cesan.nr0.htm>



**Table 2: Households Total Annual Expenditures in the Region**

Variable	Unit	Value	Total
Median Household Income	Dollars per year	\$61,524	\$49,834,440
Percent of Income spent on Consumption	Percentage	81.6%	
<b>Household Income Spent on Consumption</b>	<b>Dollars per year</b>	<b>\$50,224</b>	<b>\$40,681,452</b>
Food (12.9%)	Dollars per year	\$6,463	\$5,235,214
Housing (33.1%)	Dollars per year	\$16,628	\$13,468,365
Apparel (3.1%)	Dollars per year	\$1,533	\$1,241,577
Transportation (15.9%)	Dollars per year	\$8,008	\$6,486,273
Healthcare (8.2%)	Dollars per year	\$4,121	\$3,337,965
Entertainment (5.3%)	Dollars per year	\$2,678	\$2,169,542
Personal care products (1.3%)	Dollars per year	\$637	\$516,138
Education (2.5%)	Dollars per year	\$1,247	\$1,009,924
Cash contributions (3.1%)	Dollars per year	\$1,566	\$1,268,671
Insurance and pensions (11.3%)	Dollars per year	\$5,662	\$4,586,316
Other expenditures (3.3%)	Dollars per year	\$1,681	\$1,361,467

Source: Computation based on BLS' Consumer Expenditures Survey

IMPLAN sectors were selected for the analysis in two steps. The first step was to identify the NAICS industry codes corresponding to the different expenditure categories. The second step was to match each NAICS industry with the appropriate IMPLAN sector. Table 3 shows the different sectors used to conduct the analysis in IMPLAN.

**Table 3: IMPLAN Sectors (Residential)**

BLS Expenditure Category	IMPLAN Sectors
Food	Food and beverage stores, full-service restaurants, limited-service restaurants, all other food and drinking places
Housing	Real estate
Apparel	Clothing and clothing accessories stores
Transportation	Gasoline stores, transit and ground passenger transportation, state government passenger transit, local government passenger transit
Healthcare	Offices of physicians, offices of dentists, offices of other health practitioners, outpatient care centers, medical and diagnostic laboratories, other ambulatory health care services, hospitals
Entertainment	Performing art companies, commercial sports, racing and track operation, museums, historical sites, zoos, and parks, amusement parks and arcades, gambling industries, other amusement and recreation industries, fitness and recreational sport centers, bowling centers
Personal care products	Personal care services

BLS Expenditure Category	IMPLAN Sectors
Education	Elementary and secondary schools, junior colleges, colleges, universities, other educational services
Insurance and pensions	Insurance carriers, insurance agencies, brokerages, funds, trusts, and other financial vehicles
Other	Other personal services

Source: Analysis of IMPLAN sectors

#### COMMERCIAL DEVELOPMENT

The second analysis considered the impact of commercial/office development enabled by the Southwest Crestview Bypass. The project is expected to open up to 300 acres for commercial development.<sup>5</sup> This translates to about 3.9 million square feet of commercial space, assuming a 0.3 floor area ratio (FAR), which is typical for the area and well below the FARs allowed under local land-use regulations. Construction is anticipated to occur over a 10-year period between 2025 and 2035. The economic analysis considers the cumulative annual economic impact resulting once construction is completed and the commercial space is occupied.

Table 4 summarizes the commercial development assumptions used in this analysis.

**Table 4: Commercial Area**

Variable	Percent of Total	Acres	FAR	Square Footage (SF)
High Intensity Use*	20%	60	0.3	784,080
Medium Intensity Use*	50%	150	0.3	1,960,200
Light Intensity Use*	30%	90	0.3	1,176,120
<b>Potential Area for Development</b>	100%	300	0.3	<b>3,920,400</b>

Source: Okaloosa County estimates

Labor intensity categories based on SF per employee

As a conservative estimate of the economic impacts of this commercial development, the assessment uses the 300 acres assumption as an upper bound estimate, while 125 acres is used as a lower bound estimate. The primary evaluation focuses on a mid-range estimate of 212.5 acres, which translates to about 2.8 million square feet of commercial space.<sup>6</sup>

**IMPLAN sectors were selected for the analysis in two steps. The first step was to identify the NAICS industry codes corresponding to the different expenditure categories. The second step was to match each NAICS industry with an appropriate IMPLAN sector.**

Table 5 shows the different sectors used to conduct the analysis in IMPLAN.

<sup>5</sup> Potential development area includes 125 acres to 300 acres of commercial use.

<sup>6</sup> 212.5 acres \* 43,560 \* 0.3 = 2,776,950 sq. ft. Note that 1 acre = 43,560 sq. ft. and 0.3 represents the floor area ratio.

**Table 5: IMPLAN Sectors (Commercial)**

Category	IMPLAN Sectors
High Intensity Use	Full-service restaurants, limited service restaurants, all other food and drinking places, offices of physicians, offices of dentists, offices of other health care practitioners, hospitals, legal services, accounting, tax preparation, bookkeeping services, architecture, engineering, and related services.
Medium Intensity Use	Warehousing and storage and general merchandise stores
Light Intensity Use	Food and beverage stores (groceries), hotels and motels, other accommodations

*Source: Analysis of IMPLAN sectors*

## Analysis Results

The section presents the results of the overall economic impact analysis. Note the following caveats about the analysis:

- All dollar amounts are expressed in 2019 dollars, rounded to the nearest million.<sup>7</sup>
- Employment impacts should not be interpreted as full-time equivalents (FTE) as they reflect the mix of full- and part-time jobs typical for each sector of the economy.
- Okaloosa County anticipates approximately 540 to 1,080 residential units being built over time as a result of land made accessible by the Southwestern Crestview Bypass.
- The analysis assumes that an additional 125 to 300 acres will be available for commercial development.
- Results may not sum to the total reported due to rounding.

### Residential Impacts

Table 6 summarizes the economic impacts resulting from the personal consumption of new households once all units are occupied.<sup>8</sup> When accounting for the multiplier effect, the total contribution to the region's employment is estimated to be between 387 and 774 job-years. The employees will earn a combined \$12 million to \$23 million in labor income. In addition, state and local tax revenues will increase by about \$2 million to \$4 million; whereas federal tax revenues will increase by about \$3 million to \$5 million. Again, these are the annual impacts once the full development is completed.

<sup>7</sup> IMPLAN uses the GDP deflator to convert values to 2019 dollars.

<sup>8</sup> Impacts are estimated and presented for the following range: 540 to 1,080 residential units.

**Table 6: Summary of Residential Impacts**

Metrics	Direct	Indirect	Induced	Total
Employment (in job-years)	287 to 575	54 to 109	45 to 90	387 to 774
Output*	\$26 to \$52	\$7 to \$14	\$6 to \$12	\$39 to \$78
Labor Income*	\$8 to \$16	\$2 to \$4	\$2 to \$3	\$12 to \$23
Value Added*	\$15 to \$31	\$4 to \$8	\$3 to \$7	\$23 to \$45
State/Local Taxes*	-	-	-	\$2 to \$4
Federal Taxes*	-	-	-	\$3 to \$5

\*Monetized values are in millions of 2019 dollars.

Source: IMPLAN

### Commercial Impacts

Table 7 summarizes the economic impacts resulting from the development of commercial/office space.<sup>9</sup> When accounting for the multiplier effect the total contribution to the region's employment is estimated to be between 6,215 job-years and 14,916 job-years. The employees will earn a combined \$233 million to \$560 million in labor income. In addition, state and local tax revenues will increase by about 44 million to \$105 million; whereas federal tax revenues will increase by about \$52 million to \$124 million. These are the annual impacts once the full development is completed.

**Table 7: Summary of Commercial Impacts**

Metrics	Direct	Indirect	Induced	Total
Employment (in job-years)	4,550 to 10,921	763 to 1,831	902 to 2,164	6,215 to 14,916
Output*	\$391 to \$939	\$97 to \$232	\$118 to \$283	\$606 to \$1,455
Labor Income*	\$170 to \$408	\$29 to \$71	\$34 to \$81	\$233 to \$560
Value Added*	\$235 to \$565	\$55 to \$132	\$68 to \$164	\$359 to \$861
State/Local Taxes*	-	-	-	\$44 to \$105
Federal Taxes*	-	-	-	\$52 to \$124

\*Monetized values are in millions of 2019 dollars.

Source: IMPLAN

<sup>9</sup> Impacts are estimated and presented for a range of 125 to 300 acres of commercial development.

## Conclusion

The mixed-use development (residential and commercial) will impact the economy of the tri-county region. Impacts related to the economic activity of residents (consumption) and commercial tenants (sales) is complex to forecast due to economic uncertainty in the long term. While the residential and commercial impacts will require additional investment by developers to occur, these impacts are enabled by land access provided by the Southwest Crestview Bypass.

Once all units are built and occupied, residential tenants will potentially have annual expenditures of approximately \$39 to \$78 million with the majority of the spending on housing, transportation, food and healthcare expenditures. This economic activity is expected to generate between 387 and 774 total job-years. In total, employees are expected to earn a combined \$12 million to \$23 million, with an average annual labor income of approximately \$30,000 per employee.

Commercial tenants are expected to generate potential sales of approximately \$606 million to \$1,455 million annually. This economic activity is expected to generate between 6,215 and 14,916 total job-years each year. In total, employees are expected to earn a combined \$233 million to \$560 million, with an average annual labor income of approximately \$38,000 per employee.

This analysis does not include the temporary economic impacts of the construction phase as these are directly due to the investment by developers. Spending on construction of housing units and office space will positively impact the tri-county region's economy by creating jobs, increasing the tax base, and contributing to total output in the short to medium term.

## **Attachment D**

Florida Department of Transportation

**Funding Commitment**  
for the  
**I-10 Interchange west of Crestview**





***Florida Department of Transportation***

**RON DESANTIS  
GOVERNOR**

605 Suwannee Street  
Tallahassee, FL 32399-0450

**KEVIN J. THIBAUT, P.E.  
SECRETARY**

March 21, 2019

Commissioner Graham Fountain  
Okaloosa Board of County Commissioners  
302 N. Wilson Street, Suite 302  
Crestview, FL 32536

RE: Funding Commitment for the I-10 Interchange west of Crestview FPID 407918-5

Dear Commissioner Fountain,

The Florida Department of Transportation fully supports transportation priorities established by the local governments through the Transportation Planning Organizations (TPOs) and understands that a new I-10 Interchange west of Crestview is a top regional priority for the Okaloosa-Walton TPO and Okaloosa County. This project clearly provides benefits that are in line with the Governor's priorities for safety, congestion relief, and technology solutions. As you are aware, design for this interchange project is underway and we have allocated funding for right of way acquisition in Fiscal Year 2021. As we continue the momentum on this important project, it is the intent of the Department to add construction funding during the next development cycle of the tentative Five-Year Work Program, which begins in July and includes Fiscal Years 2021 - 2025.

Please keep in mind that The Department's Work Program and budget is adopted annually by the Florida Legislature during the Legislative Session, and is subject to legislative approval. The 2020 Legislative Session will occur during January, February and March.

The Department values its partnership with Okaloosa County and we are excited to work together in delivering a regional transportation solution to the residents of Okaloosa County and the surrounding area. Moving forward, District Secretary Phillip Gainer will serve as the primary contact. Should you have any questions, please do not hesitate to contact him directly.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kevin J. Thibault", is written over a blue circular stamp.

Kevin J. Thibault, P.E.  
Secretary

Southwestern Bypass	FDOT/FHWA	County/City	Triumph Request
<b>Phase I</b>			
PD&E	\$18,000	\$18,000	\$0
Design	\$163,000	\$163,000	\$0
ROW	\$800,000	\$800,000	\$0
Construction	\$835,000	\$2,065,000	\$0
<b>Phase II</b>			
PD&E	\$17,000	\$17,000	\$0
Design	\$125,000	\$125,000	\$0
ROW	\$500,000	\$500,000	\$0
Construction	\$2,824,000	\$0	\$0
<b>Phase III</b>			
PD&E	\$24,000	\$24,000	\$0
Design	\$328,000	\$113,000	\$0
ROW	\$1,501,000	\$0	\$0
Construction	\$3,800,000	\$0	\$0
<b>Phase IV</b>			
PD&E	\$471,000	\$471,000	\$0
Design	\$500,000	\$500,000	\$0
ROW	\$3,400,000	\$1,350,000	\$0
Construction	\$0	\$0	\$8,000,000
<b>Interchange Phase</b>			
PD&E	\$1,249,000	\$0	\$0
Design	\$8,508,000	\$0	\$0
ROW	\$1,400,000	\$1,350,000	\$0
Construction	\$68,900,000	\$0	\$0
<b>Phase V</b>			
PD&E	\$270,000	\$270,000	\$0
Design	\$1,320,000	\$2,200,000	\$5,100,000
ROW	\$0	\$28,000,000	\$0
Construction	\$0	\$0	\$51,000,000
<b>Total By Funding Source</b>	<b>\$96,953,000</b>	<b>\$37,966,000</b>	<b>\$64,100,000</b>
		<b>SW Bypass Project Total</b>	<b>\$199,019,000</b>