

AMENDED AND RESTATED
Triumph Gulf Coast, Inc. Trust Fund
Application for Funds

Proposal Instructions: The Triumph Gulf Coast, Inc. Trust Fund Grant Application (this document) must be completed by the entity applying for the grant and signed, as applicable, by either the individual applying for funds, an individual authorized to bind the entity applying for funds, a chief elected official, the administrator for the governmental entity or their designee. Please read the Application carefully as some questions may require a separate narrative to be completed. In addition, please complete all Addendums that may be applicable to the proposed project or program.

Triumph Gulf Coast, Inc. will make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. Triumph Gulf Coast, Inc. may make awards for:

- 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.

Pursuant to Florida Law, Triumph Gulf Coast, Inc. will provide priority consideration to Applications for projects or programs that:

- 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.

Additionally, the Board of Triumph Gulf Coast, Inc. may provide discretionary priority to consideration of Applications for projects and programs that:

- Are considered transformational for the future of the Northwest Florida region.
- May be consummated quickly and efficiently.
- Promote net-new jobs in the private sector with an income above regional average household income.
- Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation.
- Create net-new jobs in targeted industries to include: aerospace and defense, financial services/shared services, water transportation, artificial intelligence, cybersecurity, information technology, manufacturing, and robotics.
- Promote industry cluster impact for unique targeted industries.
- Create net-new jobs with wages above national average wage (*e.g.*, similar to EFI QTI program, measured on graduated scale).
- Are located in Rural Area of Opportunity as defined by the State of Florida (DEO).
- Provide a wider regional impact versus solely local impact.
- Align with other similar programs across the regions for greater regional impact, and not be duplicative of other existing projects or programs.
- Enhance research and innovative technologies in the region.
- Enhance a targeted industry cluster or create a Center of Excellence unique to Northwest Florida.

- Create a unique asset in the region that can be leveraged for regional growth of targeted industries.
- Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding.
- Leverage funding from other government and private entity sources.
- Provide local investment and spending.
- Are supported by more than one governmental entity and/or private sector companies, in particular proposed projects or programs supported by more than one county in the region.
- Provide clear performance metrics over duration of project or program.
- Include deliverables-based payment system dependent upon achievement of interim performance metrics.
- Provide capacity building support for regional economic growth.
- Are environmentally conscious and business focused.
- Include Applicant and selected partners/vendors located in Northwest Florida.

Applications will be evaluated and scored based on compliance with the statutory requirements of the Triumph Gulf Coast legislation, including but not limited to the priorities identified therein and the geographic region served by the proposed project or program.

Applicant Information

Name of Individual (if applying in individual capacity): _____

Name of Entity/Organization: City of Panama City, Florida

Background of Applicant Individual/Entity/Organization: Please see attached

(If additional space is needed, please attach a Word document with your entire answer.)

59-6000404

Federal Employer Identification Number: _____

Contact Information:

Primary Contact Information: Nevin Zimmerman, Esq.

Title: Counsel

Mailing Address: 221 McKenzie Avenue, Panama City, FL 32401

Phone: 850-769-1414

Email: nzimmerman@pcgov.org

Website: http://www.pcgov.org

Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.

Eastern Shipbuilding Group, Inc., Bay District Schools, FL. Dept. Of Transportation;

Bay County Commission; United States Maritime Administration See attached for additional details.

(If additional space is needed, please attach a Word document with your entire answer.)

Total amount of funding requested from Triumph Gulf Coast: \$20,025,000.00

Has the applicant in the past requested or applied for funds for all or part of the proposed project/program?

☒ Yes

If yes, please provide detailed information concerning the prior request for funding, including:

- the date the request/application for funding was made;
- the source to which the request/application for funding was made,
- the results of the request/application for funding, and
- projected or realized results and/or outcomes from prior funding.

Please see attached

(If additional space is needed, please attach a Word document with your entire answer.)

Describe the financial status of the applicant and any co-applicants or partners:

Panama City: <https://www.pcgov.org/ArchiveCenter/ViewFile/Item/348> ;

Bay District Schools: <http://www.bay.k12.fl.us/uploads/Annual%20Financial%20Report%202017-2018.pdf> .

Eastern Shipbuilding Group is available to demonstrate its financial status to a qualified agent of the Triumph Board of Directors in a confidential setting. Eastern is not willing to make its financial statements a matter of public record.

In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.

Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?

☒ No

If yes, please identify the entity or individual that filed for bankruptcy and the date of filing.

Not Applicable

(If additional space is needed, please attach a Word document with your entire answer.)

Eligibility

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.

Please See attached

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;

(X) 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;

(X) 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;

(X) 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 see Attached.**

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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3. Explain how the proposed project or program is considered transformational and how it will effect the disproportionately affected counties in the next ten (10) years.

Please see Attached

(If additional space is needed, please attach a Word document with your entire answer.)

4. Describe data or information available to demonstrate the viability of the proposed project or program.

Please see attached

(If additional space is needed, please attach a Word document with your entire answer.)

5. Describe how the impacts to the disproportionately affected counties will be measured long term.

Please see attached

(If additional space is needed, please attach a Word document with your entire answer.)

6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

Please see attached.

(If additional space is needed, please attach a Word document with your entire answer.)

7. Describe how the deliverables for the proposed project or program will be measured.

Please see attached

(If additional space is needed, please attach a Word document with your entire answer.)

Priorities

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.

2. Please explain how the proposed project meets the priorities identified above.

Please see attached. Please also see the Economic Impact Study Report from the Haas

Center a copy of which is enclosed with this application.

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

Please see attached.

(If additional space is needed, please attach a Word document with your entire answer.)

4. In which of the eight disproportionately affected county/counties is the proposed project or program located? (Circle all that apply)

Bay

5. Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within its county?

☒ Yes

If yes, list all Counties that apply: Bay County

6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?

☒ Yes

****Please attach proof of recommendation(s) from each County identified.**

Approvals and Authority

1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?
No special approvals are required. The applicant has full authority to sign an agreement.
(If additional space is needed, please attach a Word document with your entire answer.)
2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:
 - A. Provide the schedule of upcoming meetings for the group for a period of at least six months.
 - B. State whether that group can hold special meetings, and if so, upon how many days' notice.Not Applicable
(If additional space is needed, please attach a Word document with your entire answer.)
3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.
Please see attached under caption "Funding and Budget-Project/Program Budget Narrative"
(If additional space is needed, please attach a Word document with your entire answer.)
4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.

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.
\$20,000,025.00: expended approximately during 2019 through the first quarter of 2021

(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 29%

(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.

Please see attached.

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

- C. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

Please see attached

(If additional space is needed, please attach a Word document with your entire answer.)

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information or the awardee is not meeting the performance requirements of the award.

☒ Yes

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

☒ Yes

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

☒ Yes

Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

☒ Yes

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

1. Program Requirements

Please see Attached

- A. Is the infrastructure owned by the public?
☒ Yes
- B. Is the infrastructure for public use or does it predominately benefit the public?
☒ Yes ☐
- C. Will the public infrastructure improvements be for the exclusive benefit of any single company, corporation or business entity?
☒ Yes ☐ No
- D. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.

Please see attached.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:
- o Economic recovery,
 - o Economic Diversification,
 - o Enhancement of the disproportionately affected counties,
 - o Enhancement of a Targeted Industry.

Please see attached

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. Is this project an expansion of existing infrastructure project?
☒ Yes
- B. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project. Initial phases of the project commenced in early 2018 and earlier. Some phases of the project will be completed in 2019 and others over the several years that follow. Please see attached under caption "Funding and Budget-Project/Program Budget Narrative".

(If additional space is needed, please attach a Word document with your entire answer.)

- C. What is the location of the public infrastructure? (Provide the road number, if applicable.)
The Project location is 2200 Nelson St. Panama City, FL and nearby Watson Bayou.

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Who is responsible for maintenance and upkeep? (Indicate if more than one are applicable.)
Eastern Shipbuilding Group, Inc.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. What permits are necessary for the infrastructure project?
Local building permits. Dredging permits from FL Department of Environmental Protection and US Army Corps of Engineers

(If additional space is needed, please attach a Word document with your entire answer.)

Detail whether required permits have been secured, and if not, detail the timeline for securing these permits. Additionally, if any required permits are local permits, will these permits be prioritized?

All permits have been applied for and are expected to be issued as needed by the Project Schedule. State permits have been obtained and federal permits are expected by the first quarter of 2019.

(If additional space is needed, please attach a Word document with your entire answer.)

- F. What is the future land use and zoning designation on the proposed site of the Infrastructure improvement, and will the improvements conform to those uses?
The current zoning is Industrial and the project will conform

(If additional space is needed, please attach a Word document with your entire answer.)

- G. Will an amendment to the local comprehensive plan or a development order be required on the site of the proposed project or on adjacent property to accommodate the infrastructure and potential current or future job creation opportunities? If yes, please detail the timeline.

☒ No

(If additional space is needed, please attach a Word document with your entire answer.)

- H. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.

☒ Yes

Please see attached under caption "**Funding and Budget- Supplement to Existing Funding**"

(If additional space is needed, please attach a Word document with your entire answer.)

- I. Provide any additional information or attachments to be considered for this proposal.


Please see enclosed Haas Center Economic Impact Study Report

(If additional space is needed, please attach a Word document with your entire answer.)

I, the undersigned, do hereby certify that I have express authority to sign this proposal on my behalf or on behalf of the above-described entity, organization, or governmental entity:

Name of Applicant: City of Panama City, Florida

Name and Title of Authorized Representative: Nevin Zimmerman, Esq.

Representative Signature: 

Signature Date: March 28, 2019

**AMENDED AND RESTATED ADDENDUM TO PANAMA CITY APPLICATION
MARCH 27, 2019**

Introduction. The City of Panama City supports an industrial complex which has existed on Watson Bayou for over 80 years. A congressionally designated navigational channel extends from the mouth of Watson Bayou at St. Andrews Bay to U.S. 98. Along the channel, various industrial and commercial uses gain access to the Intracoastal Waterway and the Gulf of Mexico. Recently, the Port of Panama City expanded its eastern terminal with the purchase of WestRock's bulkhead and the construction of new warehousing facilities. In addition to Watson Bayou's navigational channel, the Intracoastal Waterway, rail services, and US 98 provide multimodal transportation in support of the industrial complex.

Along with other industries, Eastern Shipbuilding Group, Inc. ("Eastern") conducts business within the industrial complex and has done so since 1976. Eastern Shipbuilding (<http://www.easternshipbuilding.com>) is a mid-sized tier 2 shipyard engaged in new construction and repair of commercial and government vessels. Eastern was originally established to build commercial fishing vessels. In 1981, Eastern expanded manufacturing to include a broad range of many types of vessels and has since delivered more than 350 diversified vessels, primarily for commercial customers.

Currently Eastern operates two shipyards in Bay County Florida: one within the above Panama City industrial complex (the "Nelson Facility"); and one at 13300 Allanton Road, Panama City, FL (the "Allanton Facility"). In addition, Eastern owns property on the industrial canal in Port St Joe, FL and leases additional industrial waterfront property in Port St. Joe.

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. Although Eastern has several shipyard facilities where the OPC Vessels could be built, Eastern has concluded that with certain improvements to its Nelson Facility which is located within the industrial complex, and by dedicating its Nelson Facility exclusively to the OPC project, Eastern can enhance its competitive edge to win the award to construct OPC Vessels 10-25. It is estimated that at the peak of production, ESG will employ approximately 900 employees within the industrial complex solely to fulfill the OPC contract. Panama City desires to retain those jobs within the Panama City industrial complex because doing so would enhance the economic health of the City over a long term, which suffered first by the BP Oil Spill and most recently by Hurricane Michael.

Panama City and Eastern propose a public/private partnership under which the partnership will develop a shipbuilding industrial facility dedicated exclusively to Government shipbuilding in general and to the Coast Guard OPC program in particular. Eastern will contribute existing shipbuilding facilities at its Nelson Facility for use in development of the Government shipbuilding industrial facility and the City, with Triumph funding will add improvements, enhancements, and additional infrastructure to such facility. The improved facility will be owned by the City and leased to Eastern for Eastern's use in performing the OPC and other Government contracts. In consideration of this investment in infrastructure, the Nelson Facility located within the industrial complex will be dedicated and used exclusively for constructing government vessels in order to:

establish, achieve, and maintain federal government standards for construction of military vessels on a competitive basis with other government shipyards; and thereby establish the City's industrial complex as part of the Government's defense industrial base. Under the proposed public private partnership the City will be responsible for shipbuilding infrastructure construction and Eastern will lease those improvements for a 20-year term at appraised fair market value.

The amount and identity of other sources of funds for the proposed project or program: The City has maintained Watson Bayou depths for industrial, commercial and residential use as well as invested in transportation infrastructure that serves the industrial complex. 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. 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 state of the art 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. The Florida Legislature appropriated in 2017 \$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.

1. and 2. Title, and Description. The proposed title of the project is "Panama City Government Shipbuilding Industrial Complex". 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 in other cities 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.

In support of Eastern's efforts, Bay District Schools obtained approximately \$1,500,000.00 in legislative appropriations for welding programs. The Haney program enrollment is in August, October and January of each year for a 1,050 hour instructional completion. The program mission is a planned sequence of courses leading to three occupational completion points. This program offers a broad foundation of knowledge and skills to prepare students for employment in the welding industry. The content includes, but is not limited to: planning, management, technical and product skills, underlying principles of technology, labor issues, community issues and health, safety and environmental issues. Students complete items using gas, shielded metal arc and tungsten welding. These courses are followed by 750 hours of advanced welding courses which provide for additional certifications. Basic welding courses will be offered to Rutherford High School students upon completion of a dedicated training facility on Rutherford's campus. Students will also be trained onsite at Eastern's Nelson Street shipyard.

The City of Panama City has joined the Port of Panama City, Bay County Board of County Commissioners and the Florida Department of Transportation in replacing the East Avenue bridge that is located within the industrial complex. Upon completion of the bridge replacement, the City of Panama City has agreed to take responsibility for operation and maintenance of the bridge. The bridge enables constant daily access from Eastern's Nelson Street yard to its outfitting facility located at Pier 1, adjacent to WestRock and the Panama City Port's Eastern Terminal bulkhead and warehouse.

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 the City of Panama City and support its economy for 20 years, it is vitally important that Panama City establish Eastern's shipyard within Panama City's industrial complex 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.

For shipbuilding, the only way to establish an industrial complex as part of 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 industrial complex commits its shipbuilding 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

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

security needs.

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 partnering with Panama City to dedicate its Nelson Facility exclusively to USCG's OPC program and to make 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, Panama City can establish Eastern's shipyard in the Panama City Industrial complex as the single best location to construct the OPC's and significantly enhance Eastern's competitive position to win the award for the next 16 OPC vessels.

The dedication and improvement of this private facility to the public purpose of national defense is expected to last a minimum of 20 years and is the first critical step to establishing the shipyard in the Panama City Industrial complex 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.

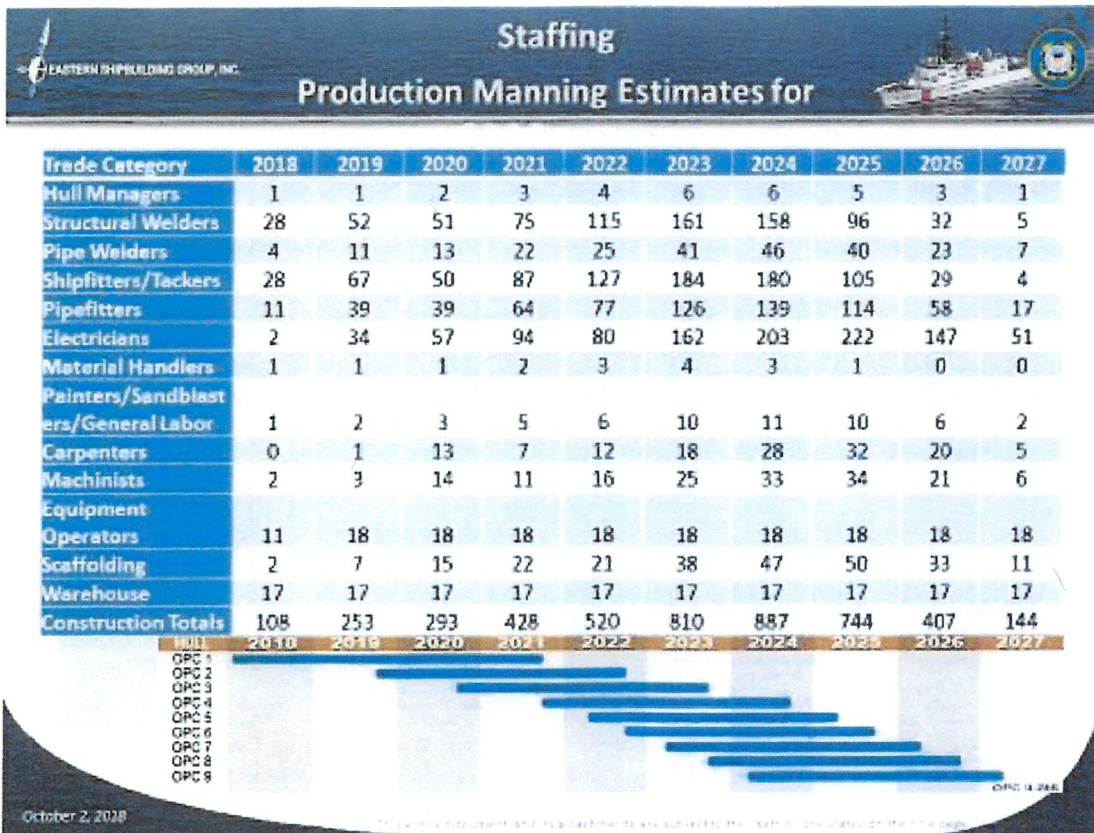
3. Explain how the proposed project or program is considered transformational and how it will affect the disproportionately affected counties in the next ten (10) years. UWF's Haas Center conducted an economic impact study of the USCG contract awarded to ESG. ESG expects that to fulfill the initial 9 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.

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.

4. Describe data or information available to demonstrate the viability of the proposed project or program. The data and information available to demonstrate the viability of the Project will include Eastern's job data in support of the OPC program, training data from the Haney and Rutherford vocational training programs, financial data regarding infrastructure improvements and capital investments, and publicly available data regarding the status of the OPC program.

5. Describe how the impacts to the disproportionately affected counties will be measured long term. 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, OA 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.

Through a combination of internal employment records and those filed periodically with the State of Florida throughout each year, Eastern will be able to objectively demonstrate the economic impact of the created and maintained jobs.

6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.) 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 cities that have a well-established industrial complex that supports private contractors engaging in shipbuilding within that industrial complex. 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, Panama City and Eastern are partnering to make significant investment in shipyard infrastructure within the City's industrial complex and will devote those facilities exclusively to the OPC and other government shipbuilding programs. By doing so, the City establishes its industrial complex and Eastern's shipbuilding facilities within that complex as part of the Government's preferred defense industrial base.

7. Describe how the deliverables for the proposed project or program will be measured. ESG will create 900 full-time equivalent employees specific to the USCG OPC Project. For this purpose, one FTE is equal to 2080 man-hours/year. The beginning date for the job maintenance period will be the earlier of these two events: (1) ESG cuts steel and begins work on assembly of the ship that will be offshore patrol cutter ("OPC") 10, or (2) ESG delivers OPC 9 to the United States Coast Guard ("USCG"). The end of the job maintenance period shall be 3 years after the earlier of two events: (1) ESG delivers OPC 9 to USCG or (2) ESG cuts steel and begins work on assembly of the ship that will be OPC 10.

Addendum for Infrastructure Proposals:

Eastern will grant to Panama City an easement for the purpose of providing ingress and egress for construction crews, equipment and building supplies upon, over, under and across the area owned and/or leased by Eastern at the Nelson Street shipyard within the City's industrial

complex. The Construction Easement shall be used for the sole purpose of construction staging, ingress and egress to the Public Infrastructure Easement. Eastern will also grant to Panama City a Public Infrastructure Easement over those parts of Eastern's Nelson facility within the industrial complex where public shipbuilding infrastructure improvements will be completed. The Public Infrastructure Easement shall be used for the sole purpose of constructing, owning, and operating the aforesaid public infrastructure improvements with a term of 20 years starting in 2019. The Construction Easement and Public Infrastructure Easement are each subject to covenants, restrictions, easements, liens and encumbrances of record. The Construction Easement shall terminate immediately and without requirement of further action upon the earlier of: (a) Final Acceptance of the Upland Improvements as described in that certain Comprehensive Agreement for Shipbuilding Infrastructure Development by and between Eastern and the City of Panama City; or (b) delivery by Eastern of written notice of termination to Panama City. The Public Infrastructure Easement will terminate and be of no further force or effect without requirement of further action immediately upon the Expiration Date as stated in the Comprehensive Agreement.

In further response please see all other information provided in this Addendum.

5.C. Funding and Budget-Project/Program Budget Narrative

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.

The 2017 Florida legislature appropriated \$9.5 Million of public funds for construction of shipbuilding infrastructure on private property and related dredging in Bay County in direct support of the Offshore Patrol Cutter program. In addition to support from the State Legislature, the Florida Department of Transportation and the County Commission of Bay County has 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 Bay County Commission. The Florida Department of Transportation and the Bay County Commission has entered into a Joint Participation Agreement. The Bay County Commission entered into a Sub-Recipient 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 within the City's

industrial complex 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 City's industrial complex; 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.

PROJECT DETAILS

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

PANAMA CITY EAST AVENUE BRIDGE IMPROVEMENTS

The East Avenue Bridge is funded by multiple sources including the ½ cent infrastructure surtax. The estimated cost of the bridge is \$5 million of which \$4 million will be paid by the Florida Department of Transportation and \$1 million will be paid with local funds from Bay County, Panama City, the Port of Panama City and RockTenn. Construction is scheduled to be completed by 2023.

PANAMA CITY SEAGRASS TRANSPLANTATION

At its regular meeting on February 12, 2019, the Panama City Commission approved a perpetual Conservation Easement with the Florida Department of Environmental Protection and United States Army Corps of Engineers related to Watson Bayou seagrasses. The City's commitment is beneficial to its industrial complex, particularly for Eastern Shipbuilding and the Panama City Port Eastern Terminal projects. The seagrass project is scheduled to be completed prior to the end of the 2021 growing season.

BAY DISTRICT SCHOOLS

Haney Vo-Tech began its enhanced welding courses at the beginning of the 2018-2019 school year. Rutherford High School's welding program implementation has been delayed due to Hurricane Michael damage to the Rutherford High School campus. Full implementation at Rutherford is scheduled for August 2019 unless campus reconstruction is delayed due to state and federal Hurricane Michael recovery funding delays. Eastern has completed Hurricane Michael damage repairs for the facilities where Rutherford students will be trained at the Nelson St shipyard. Funding for these instructional programs have already been secured and are in place ready for implementation but for the Hurricane Michael delays.

**INDUSTRIAL COMPLEX NELSON SHIPYARD FACILITY OPC
PROJECT**

ITEM	DESCRIPTION	ESTIMATED COST AND FUNDING SOURCES	DETAILS
1	Offshore Patrol Cutter proposal and contract capture costs during the proposal phases prior to award of the OPC contract	\$5,500,000. 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. 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. 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. 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. 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. 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. 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/PRECOMD ET facility.	\$ 750,000. 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. 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. 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. 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. 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. 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. 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. 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. 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. 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. 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. 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. 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. 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. 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. 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. 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. 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	\$ 1,250,000. 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 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	\$ 1,250,000. TRIUMPH	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	<p>Extension of the Nelson/Whittaker bulkhead along the shoreline to support enlarged OPC launch area and outfitting berth</p> <p>- Phase Two</p>	<p>\$ 2,250,000.</p> <p>TRIUMPH</p>	<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.</p> <p>Extension of the bulkhead may be up to 875' in overall length and can be lengthened in phases.</p> <p>Phase Two to include the remaining 585' of bulkhead extension at the east yard expansion. Includes costs associated with stormwater modifications.</p>
29	<p>Construction of additional platens at Nelson Street shipyard for OPC module construction</p> <p>- Phase Two</p>	<p>\$ 800,000.</p> <p>TRIUMPH</p>	<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.</p> <p>Demolition of upland structures can be accomplished in phases.</p>
30	<p>Conversion of existing Nelson Street launch ways to rocker beam type launch ways, installation of additional transfer rails for vessel transfer</p>	<p>\$ 4,000,000.</p> <p>TRIUMPH</p>	<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.</p>

	Project Total	\$70,405,000.	
		SUMMARY OF PROJECTED FUNDING SOURCES:	
		\$27,825,000.	Share of the project already funded by ESG
		\$ 9,500,000.	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.	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.	Share of the project already funded by Bay County for dredge spoils disposal
		\$ 530,000.	Share of the project already funded by the United States Maritime Administration
		\$ 26,100,000.	Remaining Share of the project: Triumph \$20,025,000 Eastern/Other Sources \$6,075,000

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, Panama City and Eastern have decided to partner to dedicate the Nelson Street shipyard facility within Panama City's industrial complex exclusively to Government shipbuilding, make all shipyard improvements that are attractive to the Government, and firmly establish the Nelson Street shipyard within that industrial complex as the single best location to continue constructing OPC's.

To accommodate this schedule and provide this continual inducement, the applicant 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-18
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

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

BUDGET AND FUNDING INFORMATION

The City of Panama City, Eastern and their 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 schedules and budgets 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.

All waterways that are to be dredged as part of the project are owned by the State of Florida and accessible to the public. The improvements will be owned by the City pursuant to an easement held by the City and will be built for exclusive use by the USCG under the Department of Homeland Security for the construction of the OPC's. The improvements will be 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:

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 \$ 17,550,000
 Reconstruction \$ 9,700,000
 Dredging \$ 18,450,000

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

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

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

City/County \$450,000

Other (specify) \$ _____

Total Project Costs: \$70,405,000

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

State Legislature \$15,500,000

US Maritime Administration \$ 530,000

Private Sources \$33,925,000

Total Other Funding \$50,405,000

Total Amount Requested: \$ 20,025,000

USCG Offshore Patrol Cutter Shipyard Infrastructure Improvements Project Budget
Cost Estimates

10/1/14

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 works at Nelson air acie facility	\$ 1,000,000.00	Includes all costs associated with permitting and dredging the area FWO 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-27	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/PCOMDET 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 3)	\$ 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 PMO office).	\$ 2,750,000.00	Design/build of a two story approximately 60'x130' metal building w/ 25' eave. Cost includes all site preparation, foundation work, utilities, outfitting of the building with furniture, communications, and needed electronics	September-17	September-19	FLDOT/Bay County
17	Construction of a production facility building at Altamonte facility to support CARS automation and electronics testing for OPC.	\$ 3,000,000.00	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.	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 climate controlled warehouse building with dimensions of approximately 68' wide, 162' long, eave height of 55' with a 48' 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, the 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	\$	1,750,000.00	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, the 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 250' 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 \$3 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