Application Score Sheet

Proposed Project: City of Apalachicola, Solar Power Project (#34)
Proposed Project/Program County:
Board of County Commission Support:

Total Projected Project Cost: $900,000.00
Match Provided: $0.00 Cash (Land for the Project is owned by the City)
Triumph Funds Requested: $900,000.00
Triumph Funds Recommended by Staff: $0

Score: F (Failed to comply with match restriction in s.288.8017(3), F.S.)
ROI: A benefit to cost ratio of 1.3 for 10 years and 2.2 over 20 years using electricity cost saving as an increment to disposable personal income.

Date: June 10, 2019

Economic Impact Analysis and Score

The City of Apalachicola proposes to install solar panels for electricity generation at two city-owned locations in Apalachicola. The electricity generated by the solar project will be used by the City for various purposes including charging of City-owned electric vehicles. Duke Power will provide electric vehicle charging stations. **The $900,000 request represents 100 percent of the total cost of the project as presented in the proposal. Because the project does not include match, it does not meet the eligibility requirements for a Triumph award.** However, the project also mentions that Duke Power will install charging stations in Apalachicola as part of the project. Because the City would need to purchase and use electric vehicles as part of this effort, it seems that the City would also provide a match to make the project work although that match is not specifically identified.

If we consider that the project does have a Duke Power match and the City's own match and thus is potentially eligible for a Triumph award, then it is appropriate to calculate an economic impact score. The proposal states on the first page of the Additional Details section that the installation will save the taxpayers of Apalachicola some $1.5 million dollars over the next 25 years that they would otherwise have had to pay in the form of higher electricity rates. The City is willing to commit to use 45 percent of the anticipated electricity bill savings to fund ad valorem tax rate reductions for residents of Apalachicola. Thus, the $1.5 million in anticipated savings will represent additional available revenue for the City as well as lower ad valorem taxes for residents.

The Triumph Board has usually wanted to measure the increment to wages from net new jobs versus the cost to Triumph. However, if the Board wished instead to consider an infrastructure project such as this one that does not have a direct job commitment, it could consider the electricity cost saving as an increment to disposable personal income. Here we consider the

upfront Triumph costs of $900,000 against the anticipated $1.5 million ($60,000 per year for 25 years) in savings. Using a 10-year window to measure anticipated benefits, we find that the sum of benefit measured in discounted dollars, $1,151,799, for a benefit to cost ratio of 1.3. If we were to expand that window to 20 years of benefits, then the benefit to cost ratio would rise to 2.2. However, this is a very low benefit to cost ratio relative to the portfolio of Triumph projects. While Franklin is a disadvantaged rural County severely affected by Hurricane Michael, the low benefit to cost ratio and the lack of direct job creation lead staff to score this project as a "F." Staff does not recommend that this project be considered further by the Triumph Board.

Project Summary (based on information provided by the applicant)

The City of Apalachicola is requesting $900,000.00 to install solar panels at the city wastewater treatment facility and the Mayor Van W. Johnson, Sr., Recreation and Community Complex. The purpose of the project is reduce utility costs and save more than $1.5 million over the next 25 years. The Project is expected to lead to local Ad valorem tax rate reductions benefiting businesses and homeowners in the city.

The City will to turn 45 percent of yearly wastewater plant and Johnson Center utility bill savings into ad valorem tax reductions, to be calculated at the same time tax rates are set and using pre-solar bill averages for 2017/2018.

For example, if the City saves $60,000 in a year, $27,000 will go towards tax reduction. The Apalachicola City Commission passed a resolution in support of the 45 percent figure on September 4, 2018.

Apalachicola, a designated state Rural Area of Opportunity (RAO), has adopted a conservative approach to growth management and requires strict adherence to concurrency requirements necessary to ensure responsible growth consistent with environmental protection. The City's Comprehensive Plan calls for growth and diversification of the local economy that is consistent with protecting the natural resources of the Apalachicola River and Bay Area.

Small businesses are the primary job creators in Apalachicola. Downtown businesses are almost exclusively locally-owned small businesses which reinvest their revenues back into the region's economy. Ad valorem tax rate reductions reduce their operating costs.

Apalachicola has no institutions of higher learning and limited options for industrial development. According to the applicant, these solar projects would introduce a new, high-growth, and clean sector to the economy in a way that does not conflict with existing seafood or tourism industries.

Juggling the need for environmental protection with a small tax base has resulted in an infrastructure challenge for the City. The solar projects are proposed to improve City finances, reduce Ad Valorem tax rates, benefit the environment, and bring a high-growth, transformational industry to a rural county with limited growth options.

The City of Apalachicola has suffered severe long-term damage to the traditional local fishing economy because of Georgia's excessive water use, and economic harm from the BP Oil Spill. This project is expected to help the city address these challenges by reducing city and ratepayer bills as well as by providing examples of new technology that could be used in future job training programs.

The City's Ad Valorem Tax Rate is currently 9.6 mills – the highest in Northwest Florida. On an annual basis the City has less than $200,000 to $300,000 in discretionary income.

The solar projects are projected to immediately reduce City utility bills by $60,000 per year, based on estimates from nationally known solar installers who have built similar systems for many other municipalities, such as Valdosta, Georgia, and Jacksonville, Florida.

The sustainable long-term operational savings are expected to reduce utility bills, free up funds for critical infrastructure maintenance for the wastewater plant, and support multiple community service programs based at the 14th street location.

The solar wastewater portion will provide 811,000 kWh of electricity per year, reducing those monthly bills by more than 50 percent. The Recreation and Community Complex portion will provide 137,000 kWh per year.

The solar panels are rated and guaranteed for 25 years of production. Output of the solar panels would be electronically monitored on a daily basis and compared to previous utility bills on a monthly and yearly basis. City of Apalachicola would be responsible for maintenance and upkeep.

A licensed solar contractor will be responsible for Certified Installation, Electrical Connection & Equipment Rental, Design, Engineering, and Permitting. Contractors have already visited the potential sites and done preliminary estimates.

Funding and Budget (as provided by the applicant)

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

A. Project/Program Costs:
Example Costs (Note: Not exhaustive list of possible Cost categories.)

Construction	$887,400
Reconstruction	
Design & Engineering	
Land Acquisition	
Land Improvement	$10,000
Equipment	
Supplies	
Salaries	
Other (specify)	$2,600 (permits and fees)

Total Project Costs: $900,000

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

Example Funding Sources (Note: Not an exhaustive list of possible Funding Sources.)
City/County
Private Sources
Other (e.g., grants, etc.)

Total Other Funding $0

Total Amount Requested: $900,000

The project consists of a 496kW solar system at the wastewater site with 1,440 ground mounted commercial solar panels and related hardware, covering about 2.5 acres; and a 89kW system with 260 commercial solar panels at the Recreation and Community Complex.

Projected costs are $750,00 for the wastewater portion and $150,000 for the Recreation and Community Com- plex.

Letters of Support

The Apalachicola Bay Chamber of Commerce
Main Street Apalachicola
Apalachicola National Estuarine Research Reserve